

# FAR EASTERN ECONOMIC REVIEW

Hongkong

November 20, 1958

Vol. XXV

No. 21

## CONTENTS

Editorial: The Threat of Chinese  
Dumping in Asia ..... 643

### REPORTS OF THE WEEK

The Changing Pattern of Sino-  
Russian Trade ..... 644

Malaya — Anti-Dumping Law  
by New Year? By D. M.  
Fenney ..... 645

Sino-Japanese Trade Tapering  
Off? ..... 646

Tin Price Firmer in Singapore,  
by G. G. Boland ..... 646

But Malayan Tin Miners are  
Disappointed, by D. M.  
Fenney ..... 647

Economic Aid to Asian Nations ..... 647

Vietnamese Shrimps for U.S.A. ..... 648

Peking Gets More Steel ..... 648

Industrial Plants from Japan ..... 648

Singapore's New Political Party ..... 648

### WORLD OF EAST ASIA

China Turns Inward for Cul-  
tural Inspiration, by Wynd-  
ham Newton ..... 649

Burma Tightens Her Belt, by  
Dick Wilson ..... 651

The Role of ECAFE ..... 654

Japan's Atomic Plans ..... 656

Should Thailand Continue Her  
Rice Quota Policy? by S. Y.  
Lee ..... 659

Outlook For Rice ..... 659

Malaya's Textile Policy, by  
D. M. Fenney ..... 660

### HONGKONG AFFAIRS

Editorial: Hongkong and Free  
Trade — A Reassessment? .. 661

Textile Certification — Hong-  
kong's "Thorny Question",  
an interview with Alan  
Green, M.P. .... 662

### HONGKONG'S TRADE ..... 665

### COMPANIES AND SHARES ..... 669

### THE EXCHANGE MARKET ..... 670

## The Threat of Chinese Dumping In Asia

By the Editor

THE trade offensive by mainland China has now hit the world's headlines. The countries of Europe and North America, long used to complaining that products of their own economies were being undercut by goods from Asian countries with lower labour costs, are now realising that the battle has broken out within Asia itself.

This does not mean that the West can stand aside, because the antagonists in this newest economic war are the Communist and the non-Communist nations of Asia. In so far as this is a part of the world-wide competition between two economic and ideological systems, a struggle between different valuations placed on human freedom and on the extent to which the present generation can be mortgaged for a future one, the advanced nations of the West have just as much at stake as their friends in this continent who are the direct victims of the new Peking offensive.

The community of interest, which is often denied or played down by the neutralist element in India and other Asian countries, has been brought into relief by the communes in mainland China. This breathtaking advance into communism — or retreat into the degradation of men into economic machines, as many would term it — has had many effects that Peking may not have bargained for.

It has caused consternation or jealousy in the Soviet camp, depending on the ideological enthusiasm of the individual non-Chinese Communist. Russians in Peking are reported to be stunned with humiliation at being left behind by their protégé in the race for true communism.

"Liberals" in the Soviet camp, on the other hand, are appalled that the com-

munes should be held up as the glittering goal of the Communist path. A Polish journalist who recently visited one of the communes is said to have told his colleagues that he would never have his impressions published in Warsaw because they would spark off an immediate revolution.

If China has thrown her friends into confusion, she has thrown her opponents into concert. Mr. Dulles was careful to drive the point home in Seattle during the Colombo Plan meeting, and even Mr. Nehru, in a characteristic aside, has described China as having been converted into an "army camp," and Mr. Nehru is normally careful not to offend the susceptibilities of the Chinese Government.

### Economic Achievement

But Mr. Nehru did go on to say that however abhorrent their methods, the Chinese Communists were creating conditions in which the Chinese people could build up quickly their future prosperity. The results are already piling up in the records. One does not know precisely how inflated the official Peking figures are. But for what they are worth, they are impressive.

In the first ten months of this year a record 221 million tons of coal and 7.2 million tons of steel are claimed to have been produced. Peking estimates that China will produce 3½ million tons of cotton this year — which would make her the world's largest producer. (One should note, however, that Mr. Chou Chang, the deputy Foreign Trade Minister, recently said in Cairo that China would buy £12 million worth of the current Egyptian cotton crop).



Official Chinese estimates would mean that next year China would produce twice as much cotton yarn and three times as much cotton cloth as Japan. China's early rice crop was announced to total 43½ million tons — 156% more than last year — and official estimates of the semi-late crop were 56½ million tons, or 40% more than 1957. As the *London Times* remarked, "will Red China now aspire to compete as Asia's universal provider?"

The whole pattern of Chinese exports this year has puzzled observers. Exports to the U.S.S.R. were reported by Mr. Yeh Chi-chuang, Minister of Foreign Trade, to be up by 23% on last year, when the total was equivalent to £263.6 million sterling, according to Russian statistics considered on another page of the *Far Eastern Economic Review* this week. But the outstanding feature has been the large-scale entry into the rice and textile markets traditionally supplied by other Asian countries. In the first ten months of this year a total of HK\$1,109 million worth of Chinese goods have been imported into Hongkong — nearly 20% more than in the same period of 1957.

Goods shipped to Singapore and Malaya in the first seven months of 1958 amounted to Straits \$102 million, or nearly twice the rate in 1955. Exports to France were 3,432 million francs in the first nine months of 1958, about twice the level of the previous two years. Exports to Japan, mostly through Hongkong since the official rupture of trade relations, have fallen now from their September

peak of £598,000, but the evidence of the mainland's drive for exports is still there.

There has been great speculation over the motives for the new offensive, particularly as most observers do not believe that the majority of the goods shipped are genuinely surplus to internal demand. Probably the most convincing is the need for foreign exchange to finance purchases of machinery in the more advanced nations outside the Communist bloc. The curious thing is the extent to which competitors have been undercut.

### Chinese Motives

When China seized a South African rice contract from beneath the noses of the Thais, their quotation was about 25% below the Thai merchants', allowing for the slight difference in quality, and the same has been observed in other negotiations. When Malayan cement was reduced in price to meet the cheaper imported Chinese product, the Chinese promptly reduced their price again.

Now the philosophy of fixing your price by taking a proportion off your competitors' can only be applied in a totalitarian and totally-planned economy, and the Chinese have a clear advantage there. What is less understandable is the extent to which they are willing to undercut, even more than would seem calculated to gain entry into a new and perhaps suspicious market.

Another objective is undoubtedly interference with the capitalist economies of countries like Thailand and Burma in order to gain political advantage. The defects of the capitalist structure are thrown into the limelight and the present leadership and policies of these countries tend to become discredited. But this could backfire, especially with the prompt defensive action taken by such countries as Singapore, Malaya and, it is expected, Burma and Thailand.

Finally there is a prestige point. The Chinese are anxious to have their products known throughout the world, as part of their desire to throw off their reputation for backwardness, and if this can only be done by exporting below the economic cost price, there is nothing to stop them doing this.

Increasingly, however, China will come up against resistance to a policy of dumping, and politically her trade offensive may turn against her. One of the M.P.s recently visiting Hongkong has suggested greater Commonwealth co-ordination on trading policies to meet this threat, and the whole tenor of the Colombo Plan talks in Seattle was in the same direction. It remains to be seen how successful the democratic world's defences against dumping will be.

It is true, as the *London Economist* has pointed out, that one should in a way be grateful to receive goods from an opponent at less than it costs him to make them. But the advantage can turn into a deadly threat if it is not closely controlled.

## REPORTS OF THE WEEK

Notes and comment on the week's events in East and South East Asia,  
from our Correspondents abroad and our Hongkong staff

Edited by Richard Ying

### The Changing Pattern of Sino-Russian Trade

**I**N the period after 1949, mainland China's foreign trade gravitated increasingly to the Soviet Union and the countries of Eastern Europe. In the six years to 1955 the proportion of China's trade with the non-Communist world fell from almost 80 per cent to less than 20 per cent of her total trade.

This change in the direction of China's foreign trade was much influenced by political considerations and was certainly

hastened by the United Nations embargo of 1951.

In general terms the composition of China's foreign trade after the introduction of the 1st Five Year Plan in 1953 has been determined very largely by China's need for capital goods for development. This need is reflected in official Chinese governmental policy which has deliberately sought to reduce Chinese imports of manufactured con-

sumer goods, while endeavouring to expand Chinese exports of all types.

These factors are clearly brought out in the patterns of Sino-Russian trade during 1950-57.

Imports of machinery from Russia increased sharply both in relative and in absolute terms until 1956. In 1957 there was, it is true, a fall in certain categories of machinery imports from Russia although this fall was insignificant compared with the overall decline in China's imports from Russia in the same year.

The following figures are taken from tables based on recent Russian statistics,



and published in the November issue of FAR EAST TRADE. The first table shows Sino-Russian trade between 1953 and 1957, the second shows Sino-Russian trade as a proportion of total Russian trade. The third indicates Russian machinery and equipment imported by China between 1950 and 1957.

Sino-Russian Trade 1953-7 (£ m.)			
	China's Exports	China's Imports	Balance
1953	169.5	249.1	-79.6
1955	229.8	267.3	-37.5
1956	272.9	261.8	+11.1
1957	263.6	194.3	+69.3

The fall in total imports from Russia which occurred in 1957 reflects in part growing Chinese production of raw

Russian Trade with China as Percentage of Total Russian Trade*			
	1955	1956	1957
Exports	22	20	12
Imports	21	21	19
Total	21	21	15

\* Rounded to the nearest percentage point.

materials and a continued fall in imports of manufactured consumer goods. The fourth table shows how this has taken place during the three years 1955-7.

Some Leading Chinese Imports from the U.S.S.R. 1955-7 (£ m.*)			
	1955	1956	1957
Iron and steel sheets	19.2	15.6	7.6
Pipes and tubes	4.4	4.3	2.3
Petroleum	5.0	5.3	5.1
Petroleum products	—†	25.4	27.2
Copper	1.9	2.9	—
Non-ferrous sheets	1.7	2.4	2.0
Machinery:			
Petroleum equipment	4.7	6.8	4.6
Instruments, etc.	2.8	2.8	3.9
Excavating machinery	1.2	1.6	1.3
Agricultural machinery	3.8	3.2	0.9
Motor vehicles	8.1	5.7	1.8

\* Roubles converted at the official rate of exchange and rounded to the first decimal place.

† Figure for refined petroleum not available and therefore total not comparable with succeeding years.

Chinese exports to Russia (mainly raw materials and food) increased in the period to 1956, although it appears that they may now have arrived at a plateau. A significant development has been the rise in textile exports in 1955-7. In 1957 exports of woven goods were twice and exports of clothing over three times what they were in 1955. The fifth table

Chinese Imports of Russian Machinery and Equipment 1950-7\*

	Machinery, total		Of which, complete sets	
	Absolute value (£ m.)	As per cent. of Imports from U.S.S.R.	Absolute value (£ m.)	As per cent. of Machinery Imports from U.S.S.R.
1950	—	10.7	—	0.3
1953	57.5	23.1	17.7	30.7
1955	82.0	30.4	50.5	61.6
1956	108.8	41.6	77.5	74.3
1957	99.0	49.9	74.7	77.0

\* Value figures converted from roubles at the official rate of exchange. All figures rounded to the nearest first decimal place.

shows the trends in the main categories of Chinese exports to the U.S.S.R.

### Exports Rising

In 1958 Chinese imports from Russia rose by only 12%, while exports went up by 23%, according to China's Minister of Foreign Trade, Mr. Yeh Chi-chuang, writing in the *Ta Kung Pao* earlier this month.

Mr. Yeh revealed that Russia had supplied aluminium, lorries and tractors not originally included in the commodity exchange agreement for 1958. He also praised Soviet help in assisting Chinese construction of an atomic reactor and cyclotron in order to promote atomic energy.

Some Leading Chinese Exports to Russia, 1955-7 (£ m.)			
	1955	1956	1957
Oil seeds	35.2	35.6	28.5
Of which:			
Groundnuts	14.0	12.8	6.7
Soya beans	17.0	19.1	19.8
Meat, butter, and eggs	26.0	23.8	14.6
Of which: Meat	24.5	22.5	12.1
Milled products	15.7	24.0	10.1
Fruit and vegetables	5.4	7.3	9.7
Tea	3.8	4.5	4.3
Tobacco	7.8	10.7	14.6
Vegetable oils	10.6	9.2	4.7
Wood oil	1.5	2.5	2.5
Ores and concentrates	22.2	27.0	32.1
Non-ferrous metals	20.1	18.0	18.5
Of which: Tin	17.1	11.6	16.3
Rubber	0.3	4.6	13.3
Textile fibres	21.2	20.9	17.5
Woven goods	15.5	23.4	30.8
Clothing	5.4	10.2	16.7

## Malaya—Anti-Dumping Law By New Year?

By D. M. Fenney, Kuala Lumpur

ANTI-DUMPING legislation now seems likely to go before the Federal Legislative Council in December and to be introduced early in the new year. It has been a long time coming and the Minister of Commerce and Industry, Mr. Tan Siew Sin, is obviously anxious to have these powers in hand as quickly as possible.

At present the Malayan Government is in the awkward position of having to use a steam hammer on a tin tuck and only real necessity made the Government recently ban outright, in co-operation with Singapore, certain textiles from China, including sheeting and jeans. The ban will operate for a limited period until the Government is able to bring in its anti-dumping legislation and meet the problem in a rather more orthodox way—and one less damaging to the country's trade reputation overseas.

The Government, taking into account recent statements on tariff legislation, is going to need strong proof of actual dumping before it will act under this legislation. Textiles from Hongkong, Japan and India need have no fears from this legislation though Malayan producers will be free to ask for tariff protection. This may be requested in connection with some of the specialised cloths of traditional Malay design, such as batek which has been copied overseas and sent to Malaya at far less cost than the cottage industries of the East Coast can hope to rival.

The only Malayan textile factory of any size, recently opened in Johore, Malayan Weaving Mills Ltd., is on record as saying that it is satisfied that it can compete with normal imports from Hongkong, India, and Japan. What it objected to strongly was the "dumping" from China.



The Malayan Government sometime ago restricted the import of cement from Communist China on the grounds that it was being dumped in Malaya and cement may also be a candidate for control through the new legislation which will probably impose a tariff to bring the imported materials up to what the Government thinks is a fair landed cost. Although no action has been taken by the Government yet, there have been some complaints of Japanese shoes being "dumped" on Malaya and allegations that they have been responsible for a reduction in the sales of Malayan-made shoes and some unemployment as a result.

There is also flour from France and Germany which Australia complained about bitterly during recent trade negotiations. There were allegations that this flour was being sold far too cheaply and in a way that affects severely the Australian producer who has a traditional market in Malaya. Under the trade agreement Malaya has agreed to take a specified amount of Australian flour every year.

In fact, the anti-dumping legislation when it appears is not likely to worry overseas manufacturers unduly. The Malayan Government has already shown itself aware of the need to keep the cost of living down here and not to encourage the inefficient Malayan producer at the expense of the consumer.

Tariffs are a different matter. The Tariff Advisory Committee has not met yet but applications are piling up for it to consider.

### Sino-Japanese Trade Tapering Off?

**E**VER since Sino-Japanese trade relations were ruptured in May of this year in a blatant and singularly unsuccessful attempt by Peking to influence the Japanese elections, Chinese trade officials have regretted their policy and are reported to be seeking ways of gracefully ending the embargo.

Meanwhile relay exports to Japan via Hongkong and Singapore, in the cumbersome four-stage system which has replaced normal Sino-Japanese trading, are reported in Tokyo to be falling. Since May unofficial estimates put Japanese relay imports from China at about £400,000 sterling, particularly beans, chestnuts, apricots and refrigerated shrimps. Relay trade the other way may have amounted to about the same, with heavy emphasis on steel materials and textiles—transmis-

sion of which through Hongkong caused some surprise recently.

The relay trade reached a peak in September, when Japanese sources put it at nearly £1.2 million sterling both ways. Japanese import applications in that month reached £500,000, but the Ministry of Trade was expected to authorise only a quarter of the applications because the goods would tend to glut the home market. So on the Japanese side this development may be tailing off through lack of suitable commodities to bring in from China.

One curious feature of the relay trade is the failure of the figures to tally. In September Japanese sources claimed that imports from China booked through Hongkong amounted to HK\$9.6 million. Yet Hongkong Government statistics showed total exports to Japan of about HK\$7 million only—in October it amounted to HK\$11.3 million.

The relay trade is hard to trace in detail because of the mediation of private firms representing each side. Some of them on the Chinese side are wary of acting because of the possibility of a sudden change of policy by Peking which might leave them stranded.

### Tin Price Firmer in Singapore

By G. G. Boland  
Singapore

The outstanding event in Singapore markets for the week to Nov. 10 has been the rally in the tin price following the announcement by the International Tin Council in London that permissible exports for the signatory producer members of the Tin Agreement would remain at 20,000 tons, during the fourth control period beginning on Jan. 1 next year.

As the result of this announcement the price on Nov. 10 had gained M\$8 per picul (in three days) to \$388, the highest level since May 1957. This is because Singapore dealers felt that the real shortage which the Tin Agreement was designed to bring about has now started or is well underway.

Malayan producers are well satisfied although the retention of the export rate for the Federation at 7,500 tons was not unexpected.

What they are looking for is the first sign that restrictions can be eased as they have been responsible since last December for the closing of 51 per cent of the country's active mines and thrown 12,500 miners out of employment.

Signs of a shortage are now apparent in the statistical position of the Singapore market. During the first 34 days of the present control period up to Nov. 8, deliveries from mines to smelters in Penang, Butterworth and Singapore were calculated at 4,040 tons.

This was a drop of nearly 19 per cent on the corresponding days of the previous period. In the week up to Nov. 8, 765 tons were offered and although this was a rise of over 10 per cent, the price actually gained \$7.25.

The most encouraging sign, however, is much greater United States demand and the almost continuous presence in the market by Japan. Malayan tin exports to the United States last month rose by 63 per cent to 2,017 tons and those to Japan by 48 per cent to 640 tons.

Total exports at 3,562 tons, however, are still low and due to restriction only comparable to those in the early days after the Japanese war when Malayan mines were rehabilitating themselves. Exports this year are fully 30 per cent below those in the first three-quarters of 1957.

The rise in the local tin price has been spectacular in the past six weeks, gaining \$43.50 a picul since the low level reached after the International Tin buffer stock manager withdrew his support from the London market on Sept. 18.

Last year's average price was \$373.19 and for the first half of this year \$364.40.

The Federation budgetted this year for a tin export duty based on 79,000 tons at an average price of \$350 per picul. In the first nine months of the year exports were only running at an average of 4,000 tons a month, so that even with the improved price, the gap between estimated and actual yields will be substantial.

One feature of the tin market here in the past few months has been the increasing tendency for Asian countries to buy direct from Singapore rather than through London, a trend which has also been observable on the local rubber market.

Although China this month has not been in the rubber market, Russia has purchased for shipment to Odessa 26,000 tons valued around \$51 million. This together with her purchases in previous months means her actual off-take so far this year must be in the region of 60,000 tons.

There is, however, no sign of her having entered the market for supplies for December shipment. Russian buying



for sometime has been a prop for the local market.

Her direct purchases from Malaya, together with the 65,000 tons shipped to China, have resulted in exports to those two countries accounting for 12 per cent of pan-Malayan export values this year as against nine per cent last year and it must be remembered that in the first nine months of this year exports have fallen 11 per cent to \$2,771 million.

Import values have been cut by eight per cent to \$3,094.5 million and the adverse deficit on visible trade has widened by \$70 million.

Rubber exports in the first 10 months of the year rose nearly nine per cent to 885,489 tons and with the rise in the price the overall payments position is looking better.

The altered situation has strengthened the rate of the Malayan dollar against the £ sterling for the first time for two years.

## But Malayan Tin Miners are Disappointed

By D. M. Fenney  
Kuala Lumpur

**A**LTHOUGH in their heart of hearts miners knew they could expect little else, there was some disappointment in the tin industry that the International Tin Council was not able to ease the amount of restriction at present demanded. The price has been much healthier, well over the £750 a ton mark, comfortably above the "floor" price in the agreement of £730 a ton. Like schoolboys sent to the Head, miners hoped rather illogically for a reprieve.

The council's decision means that it is taking no chances of another drop in the price and Malayan mines will have to continue at 48 per cent of last year's production until at least Mar. 31 next year. The reasoning here is that the tin council probably hopes by keeping supplies short and the price high to get back a bit of the money sunk into the buffer stock, which in Malayan minds is closely related to a bottomless pit.

The buffer stock fell out sometime ago, positively gorged with tin, and with the price high it may be able to sell some of the tin it has and repay the amounts contributed.

The consequences of this decision on Malaya, however, should not be overlooked. There are officially more than 10,000 tin mine employees out of work, and probably many more. Tin is a main

pillar of Malaya's economy and with mines at half-production the effect is felt everywhere.

Because of this, although the price of rubber is now reasonably high, business in general is still stagnating. Recession in the tin industry hits all related to it, and most people are in some way or another, and in business there is a reluctance to buy.

The Malayan Railway, for example, is severely hit. It expects this year to have a loss of \$7 millions despite economies and next year it now anticipates a loss of \$13 millions. This is all the more hard because in the past the railway has had an enviable (unique might not be too strong a word) reputation of paying its way. The Railway Administration has called for more "drastic efforts to weather the storm" and blames primarily the recession and also stronger competition from road transport. The railway has been forced into rate reductions to meet enterprising Chinese lorry firms and has suffered in consequence.

But undoubtedly the recession, and its effect on the railway's bulk carrying, is the main reason for its troubles.

## Economic Aid to Asian Nations

**I**N Seattle last week, the Colombo Plan conference discussed the knotty details of how to get enough of the right kind of help to needy Asian nations in time to do the job. The meeting finally resolved to:

1. Grow more and better crops.
2. Plan more carefully and more flexibly.
3. Train more technicians at all levels.
4. Promote the use of private capital rather than public money. This means attracting more domestic private capital as well as creating climate more interesting to foreign private investment funds.
5. Develop exports as a source for such private capital.

In spite of the efforts of the United States, the United Kingdom, Japan, Australia, Canada and New Zealand during the past eight years to speed economic development in India, Pakistan, Ceylon, Malaya, Singapore, Burma, Cambodia, Nepal, Indonesia, Laos, Vietnam, Thailand, the Philippines, Borneo and Sarawak, the living standards of the people in these countries are still very low.

The Indian Deputy Finance Minister, Mr. B. H. Bhagat said at the meeting that the industrial countries were still raising their own standards of living far

faster than the less developed countries which they were trying to help, thus putting the poorer countries "in the position of the Red Queen in 'Alice in Wonderland'—they have to run as fast as they can in order to stay where they are."

At present, the major adverse conditions in South and Southeast Asia are: (1) Bad crops which have raised the cost of rice thus hitting India, Pakistan and the Philippines while benefiting rice exporting countries such as Burma and Thailand. (2) Explosive population increases which outstrip gains in living standards in some territories. (3) Drops in prices of export commodities such as rubber, tin and textiles. (4) Increases in prices for capital goods needed for development. (5) An exodus of gold reserves from the area to Britain and West Germany as a result of adverse trade conditions. (6) Japan's curtailed imports of iron ore from the area.

President Eisenhower, in his address at a meeting of top diplomats attending the conference, outlined a five-point programme of international economic aid for Asian nations: (1) Expansion of international trade. The larger part of capital goods required for economic development must be financed through such trade and restrictions on trade must be relaxed. (2) Wider sharing of technical skills. (3) Greater emphasis on private investment. (4) Greater provision for public loans for projects such as highways. (5) Expansion of development financing to provide borrowers with greater flexibility regarding repayment terms.

The American Congress last year created the development loan fund for (5). So far about US\$700 million have been provided and the Colombo nations have received more than half of the sum. The United States is also by far the heaviest donor, having contributed more than three and half billion dollars to the development of Colombo nations since 1950. The United Kingdom's total contribution in the past year was \$42 million but the amount will be more than doubled in the next 12 months.

Britain's technical assistance will be increased by \$5.6 million over the next four years in addition to \$19.6 million already spent on this programme. Canada will also increase her contribution from \$35 million to \$50 million annually over the next three years. Australia has earmarked \$9.65 million for aid to countries in the territory in 1958/59. Since 1950, Australia has contributed a total amount of \$1,853 million.



Although the living standard of the people in Colombo countries is still very low, the benefits of the aid given by U.S., U.K., Japan, Australia, Canada and New Zealand should not be disparaged. The urgency of the work was expressed by the Japanese chief delegate, Mr. Hayato Ikeda: "The 700 million people the Colombo Plan seeks to help are squarely in the path of a subversive Chinese Communist economic drive."

The achievements, although not as much as one would like to see, are fully reflected by attacks made on the Plan by Communist countries, particularly by mainland China during the past years.

## Vietnamese Shrimps For The U.S.A.

From a Correspondent in Saigon

**F**OLLOWING the example of Hongkong and Japan, South Viet Nam will soon start exporting sea food to the American market. The Vietnamese coastal waters have the reputation of being extremely prolific in shrimps, langoustines, lobsters and 50 species of fish of commercial value.

A new venture called "South Seas Shrimps Co." has been created in Saigon by a Vietnamese industrialist, Mr. Nguyen Van Buu, for the purpose of exporting sea products. It is a private enterprise wholly owned by Mr. Buu. Its General Manager is an American citizen: Mr. Gene Gregory.

A pilot food-processing plant with an initial capacity of ten tons per day of operations is presently under construction in Saigon. Its capacity will be gradually increased to 40 or 50 tons per day. Equipment for the cold storage plant is imported from Hongkong. Marine Clearing House of New York will handle the imports and distribution on the American market.

The first products to be exported will be shrimps, prawns, squids and lobster tails. Later on the South Seas Cie. will extend its exports of frozen fish to outside countries.

Until recently only a small amount of fresh fish was regularly exported to Singapore from the Camau Cape area in the extreme South of the country. The output of the Vietnamese fishing industry averages 180,000 tons annually but could be easily increased to 300,000 tons if more modern techniques would be used.

The South Seas Cie. will collect the products from villages of fishermen in Nha Trang and Saigon areas plagued

with unemployment. These fishermen are mostly refugees from North Vietnam who came to the South after the partition of the country in July 1954.

The South Seas Cie. will eventually have its own flotilla of fishing boats for operations on the high sea where the local fishermen with their sail boats do not dare to go. This new export enterprise is the first venture of its kind created in Viet Nam since the end of the Indochina war.

## Peking Gets More Steel But People Use Less

**P**EKING has mobilized the whole country to produce more steel in order to fulfill the target of 10,700,000 tons this year. The official New China News Agency claims that there are now hundreds of thousands of small locally built blast furnaces in China's vast rural areas, cities and towns.

The People's Daily in Peking assures that "attainment of this year's steel target is in sight" and boasts that production in September and October has doubled that of the first eight months this year bringing the total for the year to 7.2 million tons at the end of October.

On the other hand, private reports from Canton and other cities on the mainland reveal that iron and steel utensils and fixtures have almost entirely disappeared from every household. These articles have been fed into small local furnaces to fulfill part of the target of 10,700,000 tons.

This is not the first time that people in China are urged to "contribute" every catty of iron and steel goods they have; twenty years ago, people in territories occupied by the Japanese were forced to make the same sacrifice.

## Industrial Plants From Japan

**R**ECENTLY concluded contracts between Japan and countries in SE Asia and in the Near East for Japanese industrial plants include the contract with Pakistan for the construction of a fertilizer plant capable of producing annually over 100,000 tons of urea fertilizer, the contract with the United Arab Republic for a sugar refinery along the Nile, and the one with Malaya for a cannery and refrigerating store house.

Negotiations are also being conducted on many more projects. These include the construction of fertilizer plants in India, Iran, Brazil, an oil refinery in Indonesia, a chemical industrial plant in

Brazil, a sugar refinery in Pakistan, and shipyards in Israel and Burma.

The increased demand for complete Japanese industrial plants is attributed to the offering by Japan of long-term deferred payments, credit-line set for specific projects and war reparations payments. These countries are also using the US Development Loan Fund and other forms of loans to buy complete plants from Japan.

Government officials and industrial leaders in SE Asia, the Near East and other countries have also been invited by Japanese industrialists to visit Japan thus promoting the demand for Japanese industrial plants.

Many Japanese firms invite foreign experts concerned with industrial development directly but a greater number are invited by the Japan Consulting Institute which has consultants in Bangkok, New Delhi, Cairo, Karachi, Rio de Janeiro, Buenos Aires and Mexico City.

Japanese experts are also dispatched abroad to survey and negotiate the construction of industrial plants. Japan is beating her competitors not only by quoting the cheapest prices but also providing excellent services and attractive terms.

## Singapore's New Political Party

**T**HE Chief Minister, Mr. Lim Yew Hock, has formed a new political party—the Singapore People's Alliance. The announcement was made on November 10th. Mr. Lim's moderate Socialist Labour Front will probably be dissolved.

The Minister's move succeeds in splitting the rightist Liberal Socialists and the leftist Workers' Party. The People's Action Party on the far left, however, is untouched.

Last week, Mr. Lim announced that the leader of the Liberal Socialists in the Legislative Assembly, Mr. Lim Choon Mong, and the leader of Workers' Party in the City Council, Mr. Wang Tsun Hao, would join the new party and that Mr. Wang would become its Secretary-General. The Labour Front leader in the Council, Mr. Tan Peng Yeu, has joined with two of his colleagues, and two Workers' Party Councillors have also joined the new party.

The Secretary-General of the Liberal Socialists, Mr. E. K. Tan, said his party was not worried by the new party or by the split in its own membership. "We are going ahead with our plans for the elections," he said.

It remains to be seen whether Mr. Lim Yew Hock could win the coming election by this new political manoeuvre.



# WORLD OF EAST ASIA

Articles on the Problems of East and

South East Asia

Edited by Dick Wilson

*China has begun to turn from Russian cultural leadership and explore the resources of her own folk traditions. Mr. Newton, a close student of Chinese affairs, discusses this new trend.*

## China Turns Inward for Cultural Inspiration

By Wyndham Newton

New China still insists that all art must serve the proletarian dictatorship and socialism, but whereas until quite recently she looked wholly to Soviet Russia for her patterns in these as in other things, she is now looking inward for inspiration both in culture and in Marxist ideology. The culture must be proletarian, but at least it is to be Chinese, and folklore, though it must have its eyes on the future, is nevertheless rooted in the Chinese nature and the Chinese past.

Primitive and mediocre as may be the new fount of inspiration, it should not be forgotten that the greatest English composer of modern times, Dr. Vaughan Williams, styled "the beloved genius of English music", drank deep of the wells of folklore in his youth and played a leading part in collecting and arranging folk music from many parts of the country. He was also deeply concerned in the revival of interest in the great periods of England's musical past; for instance, Elizabethan madrigals and the music of Purcell. It may well be that the old wells and the new vessels in China will in time produce a culture worthy of one of the greatest of peoples.

The demand by the cultural dictators of New China that all literature and art should observe and strictly adhere to the Party line and curb all individualism, enforced as it has been by periodical persecutions of the non-conformists from Hu Feng onward, has been extremely unpopular. The simple truth is that the Chinese intelligentsia—and this means mostly the writers for the stage and screen as well as for the newspapers, and

the authors of books and critiques—are not easily pressed into a common mould.

Indeed regimentation is at variance with the entire Chinese literary tradition. But now the cultural officials are taking another and less unacceptable line: they are advocating that instead of taking the cue even in literature and art from the sterile Communist literature of the Soviet Union, China should try to build her own Marxist literary theory and criticism.

This was the position taken by Comrade Chou Yang, the vice-director of the CCP Central Propaganda Department, in his guidance address to the CCP Hopei Provincial Committee in August, in which he gave important directions to the literary representatives. He insisted, of course as always, that literary theory and criticism should serve Socialist construction; that it must be "creative and militant"; but that it must also be "closely united with our literary traditions and creative literary practice; and must have as its principal concern the promotion of socialist literary development."

### Filling the Vacuum

His emphasis throughout was on Communism rather than on the old tradition, and he continued to direct his scorn at the professional writers and to pin faith on the host of amateurs the Party is encouraging to fill the vast vacuum caused by the stubborn silence of the professionals.

But he drew nearer the Republican concepts of the purpose of Chinese literary criticism—even if he renewed the criticism he and other Party cultural

dictators had made of the Father of the Literary Revolution, Dr. Hu Shih, and Hu Feng and the Ting-Chen group by evocation, and proclaimed that the political objectives of literary criticism must be absolutely clear-cut and firm. But the fundamental task, said Chou Yang, is to build China's own Marxist literary theory and criticism.

He disdained both the slavish following of foreign experience without due consideration of China's practical problems, and the Revisionist attitude which regards with contempt the "new Socialist literature of the masses, finds fault with and is quite indifferent to such literature, but favour bourgeois literature and thinks it very good and beautiful. They think the Chinese are ugly and the foreigners beautiful, that workers and peasants are inelegant, while the intellectuals are elegant . . . They want to do away with socialism and revert to capitalism."

### Culture of the Workers

Chou Yang proclaims that the objects of the cultural revolution are to make culture really the culture of workers, peasants and all working people, and therefore it must do away alike with cultural backwardness and with bourgeois ideology.

He claims that in a mere matter of six months since the technological and cultural revolution was proposed, an unprecedented situation had arisen of which the most notable manifestations were: the combination of education with productive labour, with large numbers of schools set up and operated by the people themselves, including part-work and part-study schools; the unprecedented rise in "creative writing" by the masses, of which the writing of new popular ballads is the most prolific; and the uniting of theory with practice—"the workers are even beginning to study philosophy".

Chou Yang, who is obviously feeling the "isolation from the intellectuals", tried to assure the bourgeois intellectuals



that the revolution did not mean to discard them altogether but wished to unite them with the working people (i.e. the Party zealots).

"Culture for culture's sake, education for education's sake, art for art's sake and news for news' sake—all this is in the bourgeois line. According to Marxism, all must serve revolutionary politics, socialism and Communism. The so-called 'expertness without redness' implies a refusal on the part of the bourgeois intellectuals to unite with the working people . . . We hold their accomplishments and knowledge in high esteem, but they can be far more useful and their natural endowments can be further developed only if they unite themselves with the working people."

The portrayal of the new era and new characters is the historic task of the writers of this generation, according to Chou Yang, who said that the old writers had created many famous characters but the working people had never been portrayed, as they should have been, in the literature of the past. Now the masses are more active than the professional writers and if the professional writers did not make an effort to catch up, they would be left behind by the masses.

### Ten Million Works

"The movement in Tientsin to write histories of industrial factories and the movement in Hopei Province to produce ten million pieces of writing in praise of the revolution and in memory of the revolution" are highly significant, Chou Yang contended, though he can cite but a single work among all this volume of trash to praise as "a work of excellence", namely, Liang Pin's *"The Roll of the Red Flag"*, and that probably solely because of its Marxism rather than because of its literary qualities.

But in comparing the development of Chinese and Western culture, he does cite Lenin's reference to "advanced Asia and backward Europe", which, he says, was both politically and culturally true. It is rather ironical to hear it from such a devoted follower of Marx, Lenin and Stalin, but Chou Yang does rebuke the "slavish state of mind which worships everything foreign."

But it is through this door that he passes to stress China's great literary heritage, part of which, he says, "lives among the people." So far as he is concerned it is not the great sages or the famous philosophers that fill the bill, but local drama, folk songs and folk stories.

### China's Literary Legacy

True, they do show the influence of feudalism, but basically they were created by the people. Therefore, he says, the important thing to do in order to inherit China's literary legacy is to discover and collect it from the people. Even then it must all be critically accepted and analysed—otherwise the pundits would be out of the papers or at least out of the headlines.

New works under this dispensation may seem strange and odd, lack vitality and be short-lived, but criteria had been laid down by Chairman Mao Tse-tung to distinguish fragrant flowers from poisonous weeds and make it difficult for the bourgeoisie to exploit the slogan to their advantage. Persistence in this policy would encourage competition between different art forms and styles, competition between *pang-tzu* and *ping* drama, free verse and folk songs, poetry and fiction, and one writer and another.

### "Give Them Free Play"

"This is an age in which all the people can give free play to their creative power"—strange statement for a cultural dictator who has come down like a ton of bricks on non-Marxist writing. "They may work miracles, or they may produce bad things. The duty of the leadership is to let them have a free hand and to discriminate between the good and the bad."

The New China news agency says that new folk songs and poems have been made up by the million in the fields, mines and factories. All over the vast rural areas poems and songs have been put up on trees, doors and walls, by the sides of the fields and on rocks. The whole of the Party and the people have joined in the campaign to collect folk songs and such collections are now being published in various provinces, autonomous regions, counties and even agricultural co-operatives.

### Improvising At Work

One may well imagine the poor quality of this enormous output of the masses, whose folk songs probably differ very little from those common to all people who, like the Volga boatmen, have formed the habit of singing or shouting in unison under a cheer-leader or crew captain, and whose poems probably have little true poetic quality.

But the National Folklore Research Society is undertaking the job of selecting the few that seem to have permanent value before discarding the mass which lacks value. Most of the songs are improvised by working people during their work, and deal with what they are doing.

In many places people break into rhyme and express their views with singing; and the new folk songs are heirs to the old folk song tradition. Many outstanding folk singers showed their repertoire at the recent national folk festival. Out of the vast quantity will no doubt emerge some worthy of permanent preservation.

### Last Minute Rescue

And to think that only three years ago all the old folk songs and folklore, like the old classics, had to be rescued at the last moment from the paper pulp mills to which they had been consigned by the ton! Then the libraries of universities and colleges and Party and Government organs were limited to translations of Stalin's and other orthodox Communists' works in such volume that there was no room at all for the old literature and the old lore.

### Reversion To Native Talent

This new movement is a reversion, in self-confidence, to China's own native talent. No doubt the Communists, in reverting to the old tunes and songs, will see to it that they are given the new Marxist themes. Even the opera is not immune, for composers have been working on 300 opera forms during the leap forward movement and created new programmes on contemporary themes.

The period is one in which quantity is all and quality negligible, in which the farm is often the stage and the peasants the cast in amateur drama and opera groups—of which there are said to be well over a quarter million, apart from clubs, bands and amateur dramatic companies in the factories.

### Conclusion

But the significant thing is that the Communists in China are now going back to their own natural talents, instead of continuing to copy everything Russian in such a way that their own identity was almost disappearing.



Recent figures published by the Government of Burma show official estimates of production, trade and finance for the year just ended. This article considers this new information.

## Burma Tightens Her Belt

By Dick Wilson

THE new Government of Burma, under General Ne Win, has to face the economic after-effects of the severe fall in rice production and exports last year. Rice normally provides the Union of Burma with three-quarters of her export earnings, and rice shipments in 1957-8<sup>1</sup> are estimated to have reached only 75% of the previous year's level. Figures cited in the *Economic Survey of Burma 1958*<sup>2</sup> show how the results of the poor paddy crop will work through the economy and be reflected in Government spending.

### Poor Crops, Good Timber

Sown acreage under paddy in 1957-8 decreased by over 2% to 10.16 million acres, mainly because of the late arrival of the monsoon. Insufficient rainfall in the cropping season caused the matured acreage to decline even more, by over 4%. Yield per acre dropped from 30 baskets to 28, and production fell to 5.83 million tons—8.4% less than the 6.36 million tons harvested in 1956-7. More recent estimates, not printed in the *Economic Survey*, reduce this figure further to 5.15 million tons, a drop of 19%.

There were also sharp falls in production of sesamum (36% less than the previous year), tobacco (33%), pulses (15%), millet and wheat (14%) and cotton (27%). Cotton acreage declined due to scanty rainfall at the outset of the season and the relatively low price of cotton: prolonged drought in the cotton area reduced output in the result to 11,500 tons.

1. Except where otherwise stated, all figures in this article come from the *Economic Survey of Burma 1958*, and relate to the fiscal year beginning in October. 1957-8 figures are Government estimates, not actuals, and first half 1957-8 figures are all provisional.

2. Published by the Superintendent, Government Printing and Stationery, Rangoon.

Sugarcane and groundnuts, on the other hand, showed considerable improvement. Higher demand from the two new sugar mills encouraged a 24% rise in sugarcane output, while groundnuts in shell increased by 18%. The Government regarded this as a measure of its success in the drive for self-sufficiency in deficit food crops.

### Oil Up, Metals Down

Crude oil production in the first half of 1957-8 was 11% higher than in the same period of the previous year, reflecting progress in the rehabilitation of Chauk oilfields. A total of 94.8 million gallons was produced in 1956-7, and 53 million gallons in the first half of 1957-8. For the year as a whole, output was expected to top the 105 million gallon mark.

Refining activity also stepped up, following the opening of the Syriam refinery in March, 1957. Nearly 35 million gallons of petroleum products (motor spirit, kerosene and other fuel oils) were produced in the first half of 1957-8, against only 19 million gallons in the same period of 1956-7. There was a consequent fall in imports of petroleum products. Demand for motor spirit and

### PRODUCTION FIGURES

1. CROPS (thousands of tons)					
	1957-8 (estimates)	1956-7	Pre-war Average*	% change '56-7 to '57-8	
Paddy .....	5,828	6,362	7,426	— 8%	
Sugarcane .....	1,300	1,050	1,000	+24%	
Groundnut .....	231	195	181	+18%	
Pulses .....	199	235	250	—15%	
2. TIMBER (thousand cubic tons of round logs)					
	1958-9 (estimates)	1957-8 (provisional)	1956-7	Pre-war Average	% changes '57-8 to '58-9    '56-7 to '57-8
Teak .....	288	264	178	453	+9%    +48%
Non-teak .....	601	573	528	502	+5%    + 8%
TOTAL .....	889	838	706	955	+6%    +18%
* 1936-7 to 1940-1			+ 1936-7 to 1939-40		

Another important commodity to escape the seasons' inclemency was timber, largely due to improved security conditions allowing better administration of the forest areas and closer supervision of extraction. The production of teak logs rose by 48% to 264,500 cubic tons—more than half of the pre-war level. Further factors in this achievement were the better licensing system for private timber traders (which streamlined the methods of disposal) and construction of new roads and clearings. Estimates based on anticipated royalties show that a further 9% increase in teak is expected in 1958-9, and that total timber production should rise to 888,900 cubic tons—only 7% below the pre-war average.

Other fuel oils, however, was expected to expand with the improvement of roads (following the success of the anti-insurgent campaign) and the gradual dieselisation of Burma Railways.

Other minerals, apart from tin and zinc, showed a decrease in output in the first half of 1957-8. The value of exports of minerals as a whole (excluding oil) was expected to fall to Kyats 48 million in 1957-8, compared with Kyats 58 million in the previous year.

### Young Industry Expands

Industrial production, though still small, expanded during the year 1957-8. The cement factory was the only major disappointment in this field, producing in the first half of the year only 11,300



## BURMA'S BUDGET

	(millions of Kyats)		
	1958-9 Budget Estimates	1957-8 Revised Estimates	1956-7 Actuals
1. CURRENT GOVERNMENT BUDGET			
Receipts .....	998	950	963
Expenditure .....	944	914	815
Surplus/Deficit .....	+54	+36	+148
2. CURRENT STATE BOARD & CORPORATION BUDGET			
Receipts .....	2,132	1,786	1,899
Expenditure .....	2,052	1,710	1,932
Surplus/Deficit .....	+80	+76	-33
3. FINANCIAL RESOURCES FOR GOVT. CAPITAL EXPENDITURE			
Current surpluses of Govt. Departments, State Boards & Corps. ....	54	36	148
Current surpluses .....	80	76	-33
Capital receipts .....	4	20	30
Rehabilitation contribution .....	40	—	100
Other receipts .....	28	29	20
Indian Loan .....	50	50	100
IBRD Loan .....	27	37	12
USSR Credit .....	29	11	—
ICA Loan .....	82	32	—
PL 480 .....	80	—	100
Japanese Reparations .....	120	150	140
Loan Repayment .....	-29	—	—
TOTAL .....	565	441	617
4. COMPREHENSIVE GOVT. SECTOR BUDGET			
Receipts .....			
Revenue .....	998	950	963
Foreign Loan .....	268	130	204
Domestic Loan .....	20	21	21
Other Capital Receipts (incl. reparations) .....	172	178	277
State Boards & Corps. ....	2,132	1,786	1,899
TOTAL .....	3,590	3,065	3,364
Expenditure .....			
Current Govt. ....	944	914	815
State Boards .....	2,052	1,710	1,932
Capital: Govt. ....	201	190	170
State Boards .....	357	333	311
Unclassified Japanese Reparations ..	—	—	56
TOTAL .....	3,554	3,147	3,284
Surplus/Deficit .....	+36	-82	+80
5. ALLOCATION OF CAPITAL EXPENDITURE			
Agriculture and Irrigation .....	68.4 (12.2%)	62.3 (11.9%)	39.3 (8.2%)
Forestry .....	4.5 (0.8%)	6.0 (1.1%)	9.2 (1.9%)
Mining .....	2.1 (0.4%)	5.7 (1.1%)	7.0 (1.4%)
Industry .....	38.8 (7.0%)	41.3 (7.9%)	54.7 (11.4%)
Power .....	77.9 (14.0%)	79.6 (15.2%)	73.5 (15.3%)
Transportation .....	108.9 (19.5%)	103.1 (20.0%)	76.9 (16.0%)
Communication .....	27.8 (5.0%)	21.8 (4.1%)	18.6 (3.9%)
Construction .....	16.5 (2.9%)	15.3 (2.9%)	49.0 (10.1%)
Social Services .....	73.3 (13.1%)	31.2 (6.0%)	18.1 (3.7%)
Law & Order and Defence .....	115.0 (20.6%)	92.6 (17.8%)	110.5 (23.0%)
Miscellaneous .....	25.3 (4.5%)	64.4 (12.3%)	24.8 (5.1%)
TOTAL .....	558.5 (100.0%)	523.3 (100.0%)	481.6 (100.0%)

tons—less than half the average six-monthly output since the plant resumed working in 1951-2. The decline, which had been apparent since 1954-5, was attributed to short supplies of natural gas. But the successful drilling of a new gas well, and the beginning of work on another one, were expected to allow cement output to remain stable in 1957-8 as a whole. Furnace oil may later be substituted as a fuel if natural gas continues to prove difficult.

The other industrial projects had better success. Sugar production jumped by 48% in 1957-8, reaching the record figure of 39,900 tons. It was the first full year in which the two new mills at Pyinmana and Namti were in productive operation. Output of brine salt was 52,400 tons in the first half of the year, a 20% improvement on the same period of 1956-7. More than 5.2 million gunny bags were produced at the Okkyin jute mills in the first half of 1957-8—more than during the whole of 1957—and output for the full year was expected to reach 12 million bags. The mill began operating in January, 1957.

Cotton yarn production at the Thamaing factory (completed at the beginning of the year) rose to 1.9 million lbs. in the first half of the year, and cigarette output shot up to 477.5 million in the same period—36% more than in the first six months of 1956-7. This reflects the success of the intensive sales drive undertaken by the cigarette companies, in the face of the raising of the excise duty by 25% in September, 1957.

Two new industrial plants went into production during 1957-8—a pharmaceutical factory with a range of over 140 items, and a brick and tile factory which by March, 1958, had reached a monthly output of 650,000 bricks and 150,000 tiles. The new textile factory at Thamaing and the steel re-rolling mill at Insein were both completed in the first half of 1957-8. The steel mill was manufacturing wire nails, rivets, screws, steel bars, sheet metal and other hardware: the textile plant was producing quantities of cotton yarn and grey sheeting. Construction work was also continued on two projects—the bleaching and dyeing factory at Thamaing and extension of the cement factory at Thayetmyo. Expansion of the sericulture project was also continued, and by March, 1958, some 1,200 acres of mulberry were planted for rearing silk worms. A silk reeling factory and two cocoon drying plants were also put up. But the main emphasis in 1957-8 as a whole was on expanding the cement factory.



## ELECTRICAL POWER

Million K.W.H. consumed

1957-8 (provisional)	139
1956-7	110
1955-6	86
1954-5	71

## More Power and Passengers

Power consumption rose by over 26% in 1957-8, and electricity supply by 23%. A further 159 towns and villages were electrified during the year, bringing the total to 682.

Freight traffic by air, rail and inland waterway saw an understandable decline during the year. But more passengers were carried, and Burma Railways achieved a record total of 607.5 million passenger-miles. Burma Airways did not share in the trend. In the words of the *Economic Survey*: "Due mainly to inadequate and slow maintenance, fewer planes and fewer pilots, the Union of Burma Airways operations have been steadily declining since 1953-4 and the trend is expected to continue into 1957-8."

Taking all these activities together, Government economists reckon that in spite of the bad paddy crop, the gross domestic product (both in current and in constant prices) fell by only 3% during the year.

## Trade Gap Widened

Exports in the first half of 1957-8 fell to 816 million tons by volume (against 1,136 million in the same period of 1956-7) and Kyats 392 million by value

## EXPORTS AND IMPORTS

(provisional)			
By value (millions of Kyats)			
First half			
	1957-8	1956-7	% change
EXPORTS			
Rice .....	272	421	-35%
Others .....	120	150	-20%
TOTAL ...	392	571	-31%
IMPORTS			
Consumer ..	378	415	-9%
Capital ....	295	156	+89%
TOTAL ...	673	571	+18%

(against Kyats 571 million). This represented a decline of 28% in volume and 31% in value. Rice exports alone dropped 31% in volume and 35% in value. The largest percentage falls in volume by destination were to China,

Indonesia, Ryukyu Is., India and Ceylon in that order. Japan's purchases of cotton and pulses also fell heavily. Metals and timber were the only major exports to achieve an increase in volume in the first half of the year, and only timber increased in value as well. Burma is now supplying hardwood sleepers to India.

Imports, on the other hand, increased to Kyats 673 million in the first half of 1957-8, or 18% more than in the same period of the previous year. About Kyats 43 million of this were actually cleared

machinery to Kyats 98 million (against Kyats 50 million). Cement, joists, girders, concrete reinforcement of iron and steel and galvanised plates and sheets were the main items on the building materials bill, mostly on defence account. The *Economic Survey* comments: "A large portion of these imports comes from Japanese reparations and up till March, 1958, Kyats 29 million worth of goods have arrived for 1957-8, which is almost equal to the value received during the whole fiscal year 1956-7."

## BURMA'S RICE CUSTOMERS

	By Volume (thousand tons)				By Value (million Kyats)			
	First Half		Whole Year		First Half		Whole Year	
	'57-8	'56-7	'56-7	'55-6	'57-8	'56-7	'56-7	'55-6
India .....	166	329	584	127	71	144	255	56
Japan .....	37	59	104	262	20	32	56	140
Malaya .....	30	37	62	232	14	17	29	77
Ceylon .....	81	120	260	132	37	54	115	70
China .....	—	48	98	105	—	20	41	51
U.K. ....	41	16	57	57	7	51	14	15
Indonesia ..	12	75	236	345	7	35	109	168
Mauritius ..	24	32	58	23	13	16	30	12
USSR .....	—	28	107	212	—	12	46	105
Ryukyu Is. .	6	27	30	30	3	13	20	15
European countries	7	3	7	29	2	1	3	10
Barter countries*	50	13	85	165	15	4	36	71
Other countries	190	148	317	211	83	67	141	87
TOTAL .....	644	935	2,005	1,931	272	420	895	877

\* Excluding China and USSR.

before the year but the customs payments—and therefore entry into records—were made only after the year began. Even discounting this, however, the import bill was extremely high.

## Capital Goods Imports Doubled

Consumer goods were not the culprit. Although food, drink and edible oil imports nearly doubled in value (first half of 1957-8 over first half of 1956-7), raw and semi-processed materials for the manufacture of consumer goods dropped by nearly two-thirds. Medicines, textiles and fuel remained steady. The total consumer goods import bill was Kyats 378 million—Kyats 37 million less than in the corresponding part of 1956-7.

No, it was imported capital goods, and especially building materials, that soared. A total of Kyats 295 million of capital goods was brought in during the first half of the year—almost twice the amount in the same period of 1956-7.

Building materials rose to Kyats 110 million (against Kyats 46 million) and

However, Government restrictions on imports were expected to take effect in the second half of 1957-8: they had already resulted in a reduction of letters of credit opened on Government and private account, from Kyats 555 million in the first half of 1956-7 to Kyats 257 million in the same period of 1957-8. This does not, of course, include reparations.

## The Future

Foreign exchange reserves fell to Kyats 514 million in March, 1958, but were up again to Kyats 608 million in June, partly due to a drawdown of Kyats 50 million of Indian Loan.

In the 1958-9 Budget Estimates an item of Loan Repayment—of Kyats 29 million—appears for the first time, and will do so increasingly. The *Economic Survey* points out that "the ratio of loan receipts to other capital receipts (which includes reparations) is rising." The unexpectedly low level of foreign loan receipts for 1957-8 (Kyats 130 million) is explained by the absence of PL 480 receipts in that year and the incomplete withdrawal of the outstanding Indian Loan.



The emphasis of the Government's capital expenditure in 1958-9 is on security and paddy expansion, as the allocation table shows. The paddy expansion programme is now in its third year, and another 300,000 acres are scheduled to be reclaimed in 1958-9. Heavy earth-moving and jungle-clearing equipment from abroad has begun to arrive for this programme. The 1958-9 crop is expected to

be good, through more extensive planting and favourable weather conditions.

The high allocation in 1958-9 for social services includes USSR gift projects. The continued high outlay on power represents the final stages of construction of the large hydro-electric station at Balu Chaung. Significantly, there is a cut in the industry outlay, following the Burmese Government's policy of "consolidation" in this field.

*ECAFE has now been operating for over twelve years. This article describes the part that the Commission plays in Asia.*

## The Role of ECAFE

THE Economic Commission for Asia and the Far East (ECAFE) is one of four regional bodies set up by the United Nations—the others are in Africa, Europe and Latin America—to stimulate economic development by the exchange of thoughts and techniques, within the area and outside it, so as to make the vast Asian Continent a full participant in the dynamic progress of the modern world.\*

The Commission reports to, and is guided by, the United Nations Economic and Social Council (ECOSOC) and it helps the Council in studying economic problems of the region, as it cooperates with governments in planning their own progress.

It is often called "the Parliament of Asia," since it is the only meeting ground of all countries in the area where Asian thought is exchanged and transformed into action, and is responsible in great measure for creating an Asian spirit and a regional awareness.

In its studies and deliberations, ECAFE stimulates Asian social and economic thought; it promotes concerted action; it undertakes technical investigations and studies for economic development; it sponsors the collection, analysis, exchange, evaluation and dissemination of basic economic and statistical data; it allows Asian specialists to study the techniques of more advanced countries; it gives impetus to concrete regional and national programmes of economic development and it provides advisory services in its field of work on request from governments. It belongs to the governments and to the peoples of Asia.

\*This article was written by a Staff Member of ECAFE in Bangkok.

The Commission was established on 28th March, 1947. It has 24 members and two associate members and its immense area stretches from the plateau of Iran to the far coasts of Japan. Its members include countries in the region and outside it, and they are:

Afghanistan, Australia, Burma, Cambodia, Ceylon, China, Federation of Malaya, France, India, Indonesia, Iran, Japan, Korea, Laos, Nepal, the Netherlands, New Zealand, Pakistan, the Philippines, Thailand, Union of Soviet Socialist Republics, United Kingdom, United States of America, and Viet-Nam.

Hongkong and Singapore and British Borneo are the two associate members.

ECAFE's membership has grown of recent years. The Federation of Malaya graduated from associate to full membership shortly after attaining independence in 1957, and Iran joined ECAFE in 1958.

### Fourteen Sessions

In its task of stimulating economic thought and regional awareness, the Commission has held fourteen sessions throughout the area since its inception. It has met twice in India and Thailand and, once each in China, the Philippines, Australia, Singapore, Pakistan, Burma, Indonesia, Ceylon, Japan and the Federation of Malaya. Its next general session, in 1959, will again take it to Australia.

ECAFE's activities have evolved along three main lines: one, in the finding, recording and analysis of basic facts; two, in the discussion and adoption of recommendations for regional, national or United Nations action in the economic

field; and, three, in the rendering of advisory services. Besides the meetings of the Commission and its subsidiary bodies, discussion and action often comes from seminars, training centres and study tours of Asian specialists to other countries.

Its secretariat brings together technicians from the region and the world who prepare studies and reports that are valuable documents in analyzing the present and in planning for the future. ECAFE is, at the same time, a parliament and a university, it is a clearing-house of Asian economic ideas and an institute of regional research.

The Executive Secretary of ECAFE is Mr. C. V. Narasimhan, of India. The secretariat which serves under him includes high-level technicians from 25 countries, mostly Asian.

In the process that goes from thought to action, ECAFE's record shows many achievements, for example the concrete and dramatic programme for developing the lower basin of the great Mekong River. Though many had wished to harness the Mekong's vast potential, the first specific step in that direction came in 1956 when ECAFE experts made a preliminary study of the basin and suggested steps for development in the fields of irrigation, flood control, navigation and electric power.

### The Mekong Scheme

In 1957 the four Mekong riparians—Cambodia, Laos, Thailand and Viet-Nam—formed a Committee for Coordination of Investigations of the Lower Mekong Basin which requested further United Nations studies. A United Nations Survey Mission, headed by Lt-Gen. Raymond A. Wheeler, made a three-month, on-the-spot study of the river and submitted a report which was approved by the Coordination Committee and endorsed by the Commission's session held in Kuala Lumpur in 1958.

The report called for a five-year programme of investigations on the basis of which the actual construction of dams, barrages and power stations could be engineered and executed. The programme of investigations met not only with formal endorsement but with enthusiastic support. Finance came from the United States (2 million U.S. dollars), New Zealand (100,000 U.S. dollars), France (60 million francs) and the United Nations Technical Assistance Board (200,000 U.S. dollars).



Canada indicated its interest in undertaking the aerial mapping of the river, Japan promised to survey the Mekong tributaries and further aid may come from the Colombo Plan.

The Mekong has thus become a clear example of international co-operation. Firstly, it means regional co-operation of the four riparians within the structure of ECAFE; secondly, it means broader international co-operation and participation in developing and financing a scheme designed to change the face of Southeast Asia.

The example of the Mekong also indicates how the Commission works. ECAFE stimulates ideas; it studies, it discusses, it recommends. Action comes from the Asian governments and their peoples. Financial and other aid then flows from other governments as well as from the United Nations and its specialized agencies.

### Committees and Seminars

The Commission has three standing committees; the Committee on Industry and Natural Resources, the Committee on Trade, and the Inland Transport and Communications Committee. These committees generally meet once a year and their recommendations are reviewed and approved by the full Commission at its annual sessions.

The Committee on Industry and Natural Resources has three sub-committees—on iron and steel, electric power, and mineral resources; the Transport Committee also has three sub-committees—on railways, highways and inland waterways.

There are also working parties and seminars, organized by ECAFE to meet specific needs as they arise. These have covered such a wide range of activities as small-scale industries and handicraft marketing, mobilization of domestic capital, financing of economic development, intra-regional trade and payments, problems of budget reclassification and management, preparation of a regional geological map, development of mineral resources, collection of hydrologic data, assessment of hydro-electric potential, inland ports, earthwork construction, highway safety, urbanization, housing and building materials, training of personnel for industry and so on. The annual Working Party on Economic Development and Planning needs special mention in this connection.

In many of these projects ECAFE works in close co-operation with the

United Nations Technical Assistance Administration (UNTAA); and indeed, UN technical aid, together with the efforts of national governments, complements the work of ECAFE in the continuing spiral of economic development.

Of special value to the planning of economic advancement have been the study tours for Asian technicians organized by ECAFE and UNTAA. Thus, the most modern methods and techniques have been observed by Asian railway officials in their tour of Europe, the United States and Japan; by lignite experts in Australia; by cottage industry directors in Japan; by mining engineers and geologists in the USSR and western Europe; by iron and steel experts in Japan and Europe; by electrical engineers in the United States, the USSR and Europe; and by water resources experts in the United States and western Europe.

In addition, ECAFE has given impetus to training and research centres in Asia, which have been established with the help of UNTAA and the national governments. There is the Railway Training Centre in Lahore, Pakistan, which has now become a full responsibility of that government.

There are the regional Housing and Building Material Research Centres in Indonesia and India; and there is the regional Training Centre for Diesel Marine Mechanics in Burma, established in co-operation with the International

of cottage and small-scale industries. The impact of industrialization on the Asian social structure has been studied and natural resources have begun to be assessed.

### Asian Intra-Regional Trade

The special problems of electric power development have been reviewed together with its market possibilities. Surveys have been made of Asia's iron and steel production and of its future expansion, particularly through the use of low-grade ores and coal. Mineral resources are being surveyed and the first geological map of Asia is being drafted. The development of atomic power and other non-conventional sources of energy is studied with increasing interest.

Current developments of trade and trade policies have been reviewed, the probable effects of the European Common Market have been closely studied and the first Asian intra-regional trade promotion talks are scheduled to be held in 1959.

These talks are expected to reveal new possibilities of developing trade within the area. Specific discussions and studies have also been organized on the simplification of customs formalities, the problem of ocean freight rates, trade in minerals and mineral products, and export techniques and practices.

Since transport and communications are essential to economic progress, particularly in the vast expanses of Asia, research goes on in the fields of transport co-ordination, transport statistics, transport systems, the development of national and regional telecommunications networks and the promotion of tourism.

Special studies and discussions have also developed in the field of road transport, seeking uniformity and safety in highways. Low-cost roads were discussed at meetings in the Philippines and India, and highway safety at a seminar in Japan.

### Water Development

Further, a convention was drafted on a uniform system for the measurement of vessels and the whole problem of inland waterways is being constantly reviewed. Railways have been the subject of special studies too, with emphasis on uniformity and on the need for modernization, refrigeration, and dieselization.

Besides the Mekong, ECAFE has undertaken special studies of multi-

Labour Organisation (ILO). Most recently a Regional Demographic Research and Training Centre has been established in Bombay.

Detailed studies of industrial development and the main Asian industries have been prepared. The problems of industrialization have been kept under review and special stress has been placed on the training of personnel and the development



purpose water resources development schemes in Ceylon, China (Taiwan), Japan, Philippines, Burma, India and Pakistan, while similar studies are being prepared for Indonesia, Federation of Malaya and Thailand. Special studies have also been made of flood control methods, and conferences on water resources development have been held (the third such regional conference was held in Manila in December, 1957).

### Agricultural Problems

In co-operation with the Food and Agriculture Organization (FAO), ECAFE has given special attention to the economic aspects of agricultural development problems, and a joint ECAFE-FAO division on agriculture exists within its secretariat.

The problems being reviewed include agricultural development, price policies, agricultural financing and credit, marketing, use of agricultural surpluses for economic development and agricultural economic research.

### Social Affairs Division

The social aspects and implications of economic development are kept under review and a Social Affairs Division exists within the ECAFE secretariat to study balanced economic and social development, population problems, community development, social defense, urbanization, family and child welfare, and training of welfare personnel.

Within this overall structure, the ECAFE secretariat carries out basic research in the field of economic theory and practice. Economic trends, national programmes, statistical methods and problems of economic development and planning are all kept under constant study.

### Annual Economic Survey

Every year an Economic Survey of Asia and the Far East is issued, which surveys the basic problems and the economic progress of the region and provides the raw material for the discussions in the annual sessions of the Commission.

Statistical files are kept up to date, in co-operation with the United Nations Statistical Office in New York, and an inter-governmental Conference of Asian Statisticians, which meets yearly, has been established.

*Snags were recently reported in the Anglo-Japanese negotiations for the sale of a British nuclear reactor. This article examines the background to these negotiations.*

## Japan's Atomic Plans

JAPAN'S Economic Planning Board expects electric power demand to increase annually by 7% in the period 1956-62, and by 6% over the two decades 1956-75.\* According to its long-range energy plan, the load end demand for electric power will rise as follows:—

	million KWH
1962 .....	97,000
1965 .....	117,000
1970 .....	150,000
1975 .....	185,000

The necessary capacity of electric power generating installations will have to be between 45 million and 50 million KW in 1975—about triple the 15.4 million KW (9.6 million hydro-electric and 5.8 million thermal) available in 1956.

Since the capacity of hydro-electric installations in 1975 is estimated at around 20 million KW, the balance of between 25 million and 30 million KW will have to be provided by thermal and atomic power generation. In other words, thermal power and atomic energy between them will have to contribute between 20 million and 25 million KW of extra electric power between 1957 and 1975.

Some 18.25 million tons of coal or fuel-equivalent would be required for power generation in 1960, rising to 26.3 million tons in 1965 and 34.3 million tons in 1970, to meet this target. But no more than 17 million tons of domestic coal would be available for this purpose in 1970. The gap of 17.3 million tons would have to be filled by heavy oil or other imported fuels as long as atomic energy is not harnessed for electric power generation.

Imports of industrial energy have increased gradually every year, due to the dearth of hydraulic resources that are economically exploitable, as well as to the limited output of coal, the deteriorated

conditions of coal mining and a shortage of domestic oil resources. In 1956 some 24% of total energy was imported, and the proportion is expected to grow to 31% in 1962, 35% in 1965, 42% in 1970 and 47% in 1975. Japan's future energy position admits of no optimism, and great expectations are pinned on atomic energy for that reason.

In April, 1957, the Japanese Atomic Energy Commission (AEC) initiated discussions with financial, political and scientific experts. The main questions debated were the organisation of power reactor importing, and whether the first imported reactor should be a small experimental one or a full-scale one for practical use.

The AEC decided to make as soon as possible a provisional contract to import at least one unit of the Calder Hall-type reactor with an output of 140,000 KW. Surveying teams were to be sent to the U.K.—and, if necessary, to the U.S.A.—while the organisation to import the reactor was to be decided by July, 1957.

### Import Organisation

Several proposals were made for the structure of the body handling the reactor importation. One was to reorganise the existing Japan Atomic Energy Research Institute with power to import and operate power reactors. This involved changes in the law which the Institute itself supported. Another plan was to set up a new special corporation through joint government-private investment. A third project, supported by Japan's nine electric power companies, the electric machinery manufacturers and other related private enterprises, was to create a joint stock company for importing and operating a power reactor through investment by the nine firms and other private concerns—a genuine commercial firm with joint investments by private individuals.

On 22 May, 1957, the nine electric power companies announced that they would form in November, 1957, the Atomic Power Generation Promotion Company (APGPC) to import and instal

\* This article by our staff is based principally on material prepared by the Research Division of the Fuji Bank, Ltd., Tokyo, and published in the *Fuji Bank Bulletin* Vol. IX, No. 3 (September, 1958) at p. 19 under the title: 'Japan's Atomic Power Generation on the Threshold of Industrial Utilisation.'

reactors fit for practical use, engage in experimental research and sell the electrical power generated to electric power companies. The plant would be one natural uranium-type and one enriched uranium-type reactor, to be located in Kanto and Kansai. The APGPC would be organised as a joint stock company by various manufacturing and construction companies, with the sponsoring nine as the main constituents guaranteeing its loans.

The plan was to generate 274 MW by installing a Calder Hall-type reactor with 140 MW capacity and a Yankee-type reactor with 134 MW capacity. After completion the plant would be capitalised at an estimated Yen 48,600 million, including shares of Yen 21,200 million and loans of Yen 27,400 million (Yen 16,200 million of foreign capital and Yen 11,200 million invested by the Japan Development Bank. A surplus was anticipated in the third year of operation, and it was thought possible to pay a dividend of about 5% against investments after five years from the start, excluding the 16-months test run period.

### Political Backing

Public interest was excited when this plan gained the backing of the executive of the Liberal-Democratic Party. Preparatory committees were established for APGPC. But in July, 1957, the Electric Power Development Company (EPDC), a government agency, made the following representation to the AEC:—

"In the near future, Japan will have to depend partly on atomic power generation to meet her demands for industrial energy. But at present no tangible conclusion has been reached as to what type of reactor would be most economical and safe if it should be imported. As a matter of fact, each of the advanced nations such as the U.S.A., Britain and Soviet Russia, is developing quite a different type of reactor . . .

"In case, for instance, of the import of a Calder Hall-type reactor, the generation costs would not come down to the cost for newly-produced thermal power unless the necessary funds for construction are exempt from interest. If the interest is computed at 6.5% per annum, the same rate as in the Japan Development Bank or in the Trust Fund Bureau, generation costs would rise to the high rate of Yen 7 or Yen 8 per KWH.

"The atomic power plant in itself is beset with danger. When accidents happened, damage would be immeasurably large. In such a case, there will be no other way than state compensation.

"When, moreover, we try to import reactors for electric power generation and atomic fuels, it will be necessary as a prerequisite to enter into atomic energy agreements with the governments of the countries concerned. It is evident that there exist strict rules and secret regulations in the atomic energy agreements.

"It would be appropriate to work through the Electric Power Development Company, a government agency, as there are difficulties in the import of power reactors by private firms."

After the stir which this pronouncement caused, negotiations began between the nine companies and the EPDC, and between the heads of the AEC and the Economic Planning Board, Mr. Shoriki and Mr. Kono respectively. These labours ended with the birth of the Japan Atomic Power Company (JAPC) under joint investments by the EPDC, the nine electric power firms and allied private enterprise.

In September, 1957, the government approved this proposal, deciding that the new firm's capital should be kept down to a minimum of around Yen 1,000 million at the time of inauguration and that investments should be fixed in the proportion of 20% by government agencies (EPDC) and 80% by private interests (half of this 80% to be subscribed by the nine electric power companies and half by the general public, to prevent specific industrial circles from gaining exclusive control).

The JAPC was launched on 1 November, 1957. Its objects are the import of reactors, construction and operation of

allotted to the promoters and the remaining 31,150 offered for public subscription. The ratio of investments is 20% by the EPDC, 42% by the nine electric power companies and 38% by other firms.

### October, 1958, Start?

It was decided to import and instal a natural uranium-type reactor in the first work-period and an enriched uranium-type reactor in the second. Work was to begin in October, 1958, and the first section was to be completed in November, 1962, after importing a gas-cooled, graphite-moderated reactor (so-called Calder Hall-type), heat exchanger, turbine, generator and other auxiliary equipment.

The necessary funds for the first work section were at Yen 30,000 million, raised as follows:—

	million Yen
Capital .....	10,000
Foreign Loans .....	13,000
Domestic Loans .....	7,000

The balance sheet has been worked out for each year up to 1972; that for seven specimen years is given in the accompanying table.

The estimates of comprehensive construction costs for the Calder Hall-type reactor vary considerably in reports submitted to the special key industrial committee of the Liberal-Democratic Party. The Ministry of International Trade and

JAPC'S ESTIMATED BALANCE SHEET

	million Yen						
	1962	1963	1964	1965	1966	1967	1972
Revenue .....	788	4,140	4,430	4,720	4,720	4,720	4,720
Costs:							
Capital .....	1,037	2,689	2,542	2,378	2,241	2,143	1,723
Fuel .....	161	747	802	852	852	774	774
Direct .....	154	462	462	462	462	462	462
Related .....	46	161	167	171	171	171	171
TOTAL .....	1,398	4,059	3,973	3,863	3,726	3,550	3,130
BALANCE .....	-610	81	475	857	994	1,170	1,590

- (1) Volume of electric power for sale is estimated at 197 million KWH in 1962, rising to 921 million in 1963, 985 million in 1964 and 1,050 million after 1965; unit sales price is estimated at Yen 4 in 1962 and Yen 4.50 after 1963.
- (2) Capital costs include interest, tax on fixed assets, insurance and depreciation over 20 years.
- (3) Direct costs include plant repair and wages.
- (4) Related costs include head office operation and business taxes.

power plants, wholesale of electric power and related business. The total number of shares issuable is fixed at 400,000 and the price of each at Yen 10,000. At the time of establishment 100,000 shares were actually issued, of which 68,850 were

Industry estimated Yen 31,536 million; the Atomic Energy Bureau Yen 26,700 million; the EPDC Yen 35,817 million; and the nine electric companies Yen 30,880 million. In these four estimates the element of basic construction cost



varied only between Yen 16,500 million and Yen 18,100 million.

The JAPC's assumed revenues are based on the estimate that wholesale power price will be the same as that for newly-installed thermal power, and this has been questioned. A reactor at present has many indefinite factors precluding easy cost assumptions, it is pointed out. The surveying team concluded that a 280 MW Calder Hall-type reactor's generating costs would be Yen 4.59 per KWH. Babcock and Wilcox, based on a 150 MW reactor of the same type, put it at Yen 4.22.

Estimated generating cost of the 134 MW Yankee PWR is Yen 5.50 to 5.80, and of the 174 MW Dresden BWR, Yen 5.12. The four Japanese estimates submitted to the Liberal-Democratic Party varied from Yen 4.46 (Atomic Energy Bureau, based on 140 MW capacity and 80% load factor) to Yen 7.56 (EPDC, based on 150 MW and 60% load factor).

Some of these estimates approach the Yen 3.60 to 4.15 of newly-installed thermal plants. A gradual downward curve is expected, as capital and fuel costs are reduced following technical advances, higher plant operation ratio and greater thermal efficiency. But this is still speculative, and power generating costs would vary with expenses for quake-proof facilities, royalties, freight, insurance, interest during construction, capital and depreciation costs.

In January, 1958, an atomic energy surveying team under president Daigoro Yasukawa of the JAPC was appointed to investigate and negotiate the purchase of

a British reactor. It announced its conclusions after returning to Japan, on April 23. It declared that quake-proof facilities could be installed without impairing profitability and that safety could be achieved by providing a double emergency switch. In Britain the team submitted specifications to the three manufacturers' groups and asked for estimates by the end of July, 1958.

### Quakes and Safety

Discussions in Japan focussed on three questions—earthquakes, safety and commercial soundness. The JAPC team was satisfied on the first two counts, and has issued figures on the third. Construction costs for the Calder Hall-type reactor are estimated at between Yen 125,000 and Yen 135,000 per KW, while fuel requirements in terms of 150 MW are placed at 250 tons for inventory, about 10% of it for reserves and 60 tons for annual replacement. As the price of fuel generally remains below £20,000 f.o.b. per ton in Britain, and the repurchase price for spent fuel there is believed to be over £5,000 ex factory per ton, the team claims that the cost for electric power generation should be nearly the same as had originally been expected.

However, some circles in Japan still entertain doubts on various economic factors including fuel price and atomic energy insurance, as well as the resistance against quakes, positive temperature coefficient and other indeterminate technical points. Also, the problem remains of

procuring funds for the power reactor purchase by loans from the World Bank, manufacturers' credits or domestic loans. To secure funds for developing electric power generating facilities it is necessary, first of all, to pay up the authorised capital, then to raise installation funds from financial institutions such as the Japan Development Bank, and thirdly to make arrangements for furthering the digestion of debentures.

In view, however, of the nature of atomic power generation, investments in atomic power plants are fraught with great risks. As such investments require long-term funds with low interest, dependence on state funds will grow increasingly in the future.

Reports now indicate that the contract, worth £20 million sterling, will not be signed until next year and that work may not begin until next summer. The JAPC is to send a "letter of intent" to one of the three British groups next month. This will signify opening of negotiation with that group, following consideration of the technical specifications of each tender. It is understood the price lists remain unopened pending the JAPC's decision on the merits which is the better reactor.

But the negotiations may be prolonged, since long-term credit will be asked for in the absence of a World Bank loan, and British firms are reluctant to extend such credit. It may therefore be May or June of next year before the contract is signed. Meanwhile the view is growing in Japan that the country should develop its own reactor rather than import one from abroad.

*Our correspondent argues that the Thailand Government's policy of restricting rice exports by quota should be abandoned.*

## Should Thailand Continue Her Rice Quota Policy?

By S. Y. Lee, M.Sc. (Cantab.)

Bangkok

GENERALLY speaking, most of the rice producing countries expect a good crop for the coming year. Mainland China has declared her exportable quantity for 1959 to be about 7.5 million tons, while Burma, Thailand, Indochina and Taiwan all hope to have a better crop and hence a higher exportable surplus.<sup>1</sup> Even rice-importing countries such as Japan, the Philippines, Malaya, India and Pakistan attained higher production and hence will import less rice in 1959. Supply will be in excess of demand and competition in the international rice market will soon be very keen with the inevitable consequence of falling prices.

Unfortunately the future market tendency may not be fully grasped by some people in Thailand at the present moment, when Thailand has to restrict rice exports for the sake of reserving rice for home consumption. Thailand by October 31 had already exported 997,000 tons, and before the harvest of the present crop during November and December she finds herself in the acute position of a shortage of rice even for home consumption in certain poor parts of the country, with the price going higher and higher.<sup>2</sup>

These circumstances of excess of demand over supply—which are temporary only in nature—were perhaps the reason for the Thai Ministry of Economic Affairs pursuing a rice export quota policy for this year, 1958. The necessity of restricting rice export quantities to a suitable level, so that the domestic price would not be forced up by foreign demand to

affect the cost of living, was the main argument used by the Thai Ministry for the quota system, in spite of all its demerits and abuses. But such circumstances will be completely changed in 1959 and there is no solid ground to continue the present quota system.

The second fallacious argument for the quota system, common among rice merchants, bankers and other persons of influence, is that it helps the rice stores and mills at Bangkok engaged in the export business. In recent years small rice mills have been setting up in the countryside close to the rice fields, and this is in fact an economy from the social point of view. Most of the rice for export is now milled in the country instead of in Bangkok as it was twenty or thirty years ago. Rice stores which contract for rice exportation have to purchase rice from cargo-boats consigned by small rice mills upcountry.

Due to the improvement in the transmission of market news, any big outstanding contract is immediately known to these rice mills and they, knowing full well that the rice stores must buy the rice for fulfillment of their contracts against certain shipments due on certain days, will raise their prices. As many rice stores are usually in the short position, having insufficient stocks in hand to meet requirements of pending shipments, they are in the most unfavourable bargaining position and have to purchase rice at any price from these cargo-boats,

*Sustained demand for rice next year—but at lower prices? That is the FAO forecast.*

## Outlook for Rice

WITH one or two outstanding exceptions (including Taiwan and Egypt), weather conditions up to the end of August have been favourable for the rice crop—certainly more so than last year.\* And whatever the final totals, world export supplies of food grains as a

whole will be large because of the good U.S.A. wheat harvest and heavy carry-over stocks.

even if they suffer loss. It has been the outcry of the Bangkok rice stores that the publicity of outstanding contracts with oversea buyers is equivalent to the announcement of the "death sentence" on them.

On account of the keen competition, rice stores which sell rice on a f.o.b. basis in the export trade would be in the most difficult position. However, under the quota system, rice quotas are granted to various rice stores regularly, enabling them to gain profit on account of the quotas being worth one or two pounds in the market. Some people argue that the quota system gives more or less protection to those stores engaged in the export trade. But there is no reason why protection should be given them in such a way. They, as good business men, should understand the local market and keep more or less stocks in hand according to circumstances, instead of being at the mercy of upcountry millers.

Bangkok rice stores should be able to secure the supply of rice from upcountry by setting up rice mills near the paddy fields, by investing or advancing money to upcountry mills or co-operating with the latter by all means. In fact, some prominent rice stores have already done this. To maintain the quota system with the effect of protecting some inefficient rice stores with an imperfect understanding of the supply and demand conditions of the local market is not the right way to cope with the buyers' market next year.

In order to let Thai rice be the most competitive in the international market, Thailand should free rice exports by doing away with the present quota system. Free export means the greatest flexibility or adaptability of local supply conditions to the foreign market. The Thai Government would gain more in the rice export premium or tax and in foreign exchange derived from the rice export trade, if more rice can be sold abroad.

<sup>1</sup> The present writer believes personally that Thailand can export 1.4/1.5 million tons of rice during 1959, although there is yet no official estimates of production and exportable surplus for 1959.

<sup>2</sup> Domestic price of white rice 5% (which grade is consumed by most of the people in Thailand, and is the main grade for the export market) jumped from 106/108 ticals per picul on 6th August to 112/114 on 3rd September, to 116/118 on 15th Oct. and to 120 at the end of October; it drops now to 110 on 4th November.

\* This article is based on material in Commodity Reports (Rice No. 9, September, 1958) issued by the Food and Agriculture Organisation of the U.N.



The second official forecast of the U.S.A. crop was moderately larger—by almost 12%—than last year's, and there were favourable prospects in Mexico, British Guiana and Italy. Reduced Nile water supplies, however, were expected to bring the Egyptian crop well below the 1957 record.

Output in Burma and Thailand was expected to recover from last year's decline, if normal weather continued after August. But lack of May rain had a serious effect on Taiwan's first crop. In mainland China, in spite of reported severe floods in the North earlier in the year, the summer harvest has been officially estimated at the record figure of 40 million tons, about twice the comparable 1957/8 crop. Ambitious plans are laid for expanding paddy acreage by about 15% this season, and double-cropping of existing paddies along the Yangtze River is due to be increased by 50%—making a total area of 20 million acres bearing two crops.

Japan was assured of another bumper crop—the second largest on record and 5% better than last year, according to the first official forecast. Despite some excess rainfall in India, the autumn crop was expected to be at least average. Drought, followed by floods, have lowered prospects in Korea, but forecasts in Indonesia were of a larger crop this year.

If the 1958/9 harvests prove their early promise and are in the event larger in importing countries, imports would not necessarily be correspondingly reduced. World imports last year still reached the post-war record level of 1956, in spite of the unprecedentedly high 1956/7 crops and a sharp decline in Japanese purchases. Importers in general are likely to want to acquire as much rice in 1959, if supplies are available on the same terms as in 1957. It will be remembered that commercial prices were moderately lower in 1957 and that about 10% of world trade was U.S.A. rice sold on concessional terms.

Total demand should continue to rise, mirroring the increase of population—and, in several countries, of incomes. In some Asian importing countries such as India and Pakistan stocks are higher than they have been for several years, and severe balance of payments difficulties in such countries as India will tend to restrict commercial purchases. But elsewhere imports should be well maintained.

Although actual Japanese requirements may be relatively low if crops continue to average 13 to 14 million tons, a minimum level of rice imports from countries buying Japanese manufactures may be continued in overall commercial interests. Population growth will raise import needs in Indonesia, the Philippines (where *per capita* output is less than it was three years ago) and Pakistan, where production is more or less static. Cuban imports in 1959 will probably be higher since the 1958/9 crop was the smallest for three seasons.

Export supply conditions in 1959 look like being similar to those in 1957. If harvests in Thailand, Burma, Cambodia and Vietnam do recover, exporters will have no incentive to carry forward any more than minimum working stocks. Sales should therefore increase towards the end of 1958, especially if the mainland Chinese crop is as large as the reports indicate.

In countries with balance of payments difficulties, however, purchases will undoubtedly be governed by the extent to which buyers offer terms minimising outlays of foreign exchange. The amount of rice available on concessional terms in 1958/9 could be much larger than last season. China's increase will

probably be largely absorbed internally, but there may well be enough for the government to increase sales on barter or on other special terms. Recent Russian statistics show that China exported 458,000 metric tons of rice to the U.S.S.R. in 1956.

Carryover stocks in the U.S.A. are still high—three times the average level between 1946 and 1955—and Public Law 480 has been extended until the end of 1959 and additional funds authorised to the extent of U.S.\$2.25 billion for the 18-months period. This represents an annual rate 50% higher than in 1957/8. With the abandonment of the Acreage Reserve scheme, future U.S.A. crops will probably be larger than in the past two seasons. Although the new farm legislation aims at bringing U.S.A. prices more into line with world market prices, the lower support levels will not affect crops until 1961. In the meantime concessional sales of foodgrains can be expected to be stepped up.

In general, the volume of international rice trade seems likely to be sustained in 1958/9 by a continuing high level of demand. But early indications suggest that world supplies will show an improvement over last year, and greater pressure may therefore be exerted on commercial export prices.

## Malaya's Textile Policy

By D. M. Fenney, Kuala Lumpur

THE Minister of Commerce and Industry Mr. Tan Siew Sin explained his policy on the Chinese dumping of textiles recently at the official opening of Malayan Weaving Mills Ltd. The factory has been sited in Johore, in the Federation of Malaya but only a few miles from the Causeway leading into Singapore, clearly on the principle of trying to get the best of both worlds. Financed by Hongkong and Malayan capital, and at present employing about 40 Hongkong technicians until Malaysians can be trained to take their place, the factory employs 300 people and by early next year should employ about 500. It is hoped that it will be able to produce a wide range of textiles and is an example of the type of business the Government wants to encourage with overseas know-how and local initiative.

Mr. Tan took the opportunity to issue a sharp warning to Singapore, where the

socialist Workers' Party had alleged that Singapore was subservient to the Federation of Malaya because it also agreed to ban Chinese textiles. Mr. Tan, a forthright Minister, reacted characteristically and with speed (this part of his speech was rushed out as an addition after prepared copies had already been sent for printing).

He warned that 37 per cent of the Federation's imports came from Singapore and that the Federation was quite happy about this while Singapore continued to co-operate on certain measures. "If that co-operation should fail then there is nothing to prevent the Federation from imposing its own import restrictions upon goods coming in from Singapore and this would undoubtedly mean that the present figure of 37 per cent would decline somewhat considerably," he said.

This is one of the sharpest comments yet made to Malaya's nearest neighbour.

## HONGKONG AFFAIRS

### Hongkong And Free Trade

#### —A Reassessment?

By the Editor

**H**ONGKONG is having a fast education in the problems of becoming a manufacturing economy, or at least of becoming partly dependent on manufacturing. The pressure from Lancashire textile producers to limit the Colony's exports to the U.K. has led to the acceptance, in principle, of a voluntary ceiling by Hongkong manufacturers, and this is tremendously to the credit both of the Commonwealth idea and of the good sense of the two sides. But it cannot become a precedent.

#### A Hostile Gesture

France, in a strangely hostile gesture, has cut Hongkong textile imports by half, Switzerland is reported to have taken similar, if less stringent measures, and producers in Denmark and the U.S.A. are increasing their demands for Government intervention. Hongkong will have to fight to retain the share of the market she has already—contrary to all the gloomy prognostications of those who under-estimated the Colony's resourcefulness and drive—gained. She will have to show the world that foreign buyers can rely on Hongkong Government certificates of origin and that her textiles are in the main produced under modern, hygienic conditions.

#### No Easy Path

But people do not easily resign themselves to being out of work because another producer can make their product cheaper, and we must not expect an easy path into new territory. We must also be prepared to have other strings to our bow, and expand our exports in lines

other than textiles. All this in the face of competition from a new source—the centrally planned and controlled workers of mainland China.

#### China's Cotton

This year China expects to produce over 6½ million bales of cotton yarn, or nearly half as much more as last year. Cotton cloth output is expected to increase by 27%. China will be adventuring even more rapaciously in world textile markets, and Hongkong will be among those who will suffer. The Japanese spinners are looking for ways to cut their costs and reduce excessive internal competition among themselves in order to meet the threat. Hongkong producers must do the same if they are to survive.

#### Same Problem As Lancashire?

Mr. Alan Green, one of the five British M.P.s recently visiting the Colony, remarks in an exclusive interview with the FAR EASTERN ECONOMIC REVIEW—published on another page—that Hongkong faces, a little further down the road, the same problem that Lancashire has. Seldom can education in a new activity and in its pitfalls have come so fast.

But Mr. Green goes on to suggest that the maintenance of this port as a free trade area—the traditional status on which our entrepot trade has been built—should not remain unquestioned. There is some truth in his remark. Many people in Hongkong were angry with the Swiss for limiting their textile imports from Hongkong, remembering that

Hongkong is the second largest importer of Swiss watches in the world. But if we are to play tit for tat and show countries like Switzerland that their bread is also buttered in this part of the world, we are no longer a community in which buyers and sellers have the security of complete freedom of intercourse.

#### A Trading Colony

Interference with the market may be justifiable to protect home producers, but in the Colony we are still largely traders rather than manufacturers and many of us believe we shall do more trade in the future. Nothing should be done which might jeopardise any future expansion of our entrepot trade in the Far East.

#### Serious Questions

The point is that very careful consideration should now be given to the direction Hongkong wishes to take. Free Trade, as Mr. Green declares, is not a shibboleth or a magic formula to solve all ills. It was made by man and can be unmade by man, if he considers he will be better off thereby. Is Hongkong realistic in believing it should maintain the facilities of a free trade port against the possibility of a resurgence of traditional trade with China? Is it politically necessary to maintain those facilities? Is the Colony going to become predominantly a manufacturing economy, and if so can it regulate its trade to protect its manufacturers without jeopardising those who do still depend on trade? These are the questions that ought to be discussed and answered.



*Mr. Alan Green, Conservative M.P. for Preston South, is one of the five British M.P.s who recently spent a fortnight in Hongkong at the invitation of the Hongkong Branch of the Commonwealth Parliamentary Association. A Lancashire textile manufacturer himself—of special industrial cloths, not, he emphasises, in competition with Hongkong products—he has made a particular study of the Colony's textile industry during his stay. In this exclusive interview with the FAR EASTERN ECONOMIC REVIEW he records some of his conclusions.*

## Textile Certification—Hongkong's "Thorny Question"

**Q.** Mr. Green, it has been questioned abroad whether overseas buyers can be certain that Hongkong textiles are genuinely manufactured in the Colony. What are your impressions of the rules concerning certification of origin?

**A.** I have no evidence that wrongly certificated goods slip through, but the problem of preventing such happenings is obviously very difficult. There is the long coastline, there is a population anything but static, there are obvious temptations, and it does no good to deny these difficulties. The rules themselves are adequate. I am satisfied that the Government does its best to apply them. I have not met all the Hongkong manufacturers and merchants but those I have met give me the impression of fully realising the importance to themselves of keeping strictly to the rules. This is a thorny question outside Hongkong, as I think the Colony appreciates, and it is in everybody's interests here to see that no suspicion can attach that certification is dodged or eluded.

**Q.** What do you think of the plant and the conditions of the Hongkong mills?

**A.** They vary from the very good to the very poor.

**Q.** Better or worse than you had expected?

**A.** Of course I have not seen them all, but those I have seen were about what I had expected.

**Q.** The best that you saw here—how did that compare with other countries?

**A.** I must stress again that I have not seen all the mills. Before coming here I was in Japan, and in the two countries together, the best single mill I saw was a Japanese one.

**Q.** How would you assess the future of the Hongkong industry?

**A.** The threat to those who rely solely on cheap labour, overcrowded premises and the copying, in effect, of other people, that threat is imminent in the form of cheaper stuff still from Red China. The better concerns have a decent future by producing a good volume of good work at relatively cheap prices.

**Q.** In spite of restrictions in our overseas markets, France, Switzerland?

**A.** I personally hope that there is no more quota-ing. But Hongkong will face, a little further down the road, the same problem that Lancashire faces—from China or from any other textile producing area that can get a technical or a cost jump on her. I have been impressed by the vigour and drive of the Hongkong producers. But I wonder if they are paying enough attention to the engineering basis of their industry, to the design of plant and to general organisation? The future lies with producers who know their machines, and can upgrade the skill of the workers and the quality of the product.

**Q.** What do you feel about the prospects of agreement on a voluntary ceiling on U.K. exports?

**A.** I have genuine pleasure that acceptance in principle has been achieved here. Unless the problems of Lancashire are appreciated here, there is not much chance of Hongkong's problems being appreciated over there. I do not know any body of people in any part of the world that does not pay more attention to its own problems than to those of others—that is, after all, human nature.

**Q.** Do you think it is possible for

Hongkong to marry a manufacturing industry with an entrepot port based on free trade?

**A.** That is Hongkong's stiffest problem, and it is imperfectly understood by the general body of Commonwealth opinion. You have two problems, really. You have the full absorption of the mass of people who flooded in after 1948, and you have to find employment for the continuing natural increase in the population. A full solution cannot be achieved by merely exporting the problem, as it were, in terms of very cheap labour to Britain. Somehow we have to match two extremely different processes. First, the rate at which your surplus population can be absorbed into industry. Second, the rate at which British industries inevitably affected by that process going on here can make room for your products without having unemployment themselves. It is a major problem for both countries. The exercise is to control the two processes, going on under very different circumstances, so that the gearwheels mesh instead of stripping one another.

**Q.** We should diversify our manufacturing industry?

**A.** Certainly. That would be a help. A generous understanding by enough people at home also promotes a solution, and this would emphatically be helped by agreement on the textile ceiling with Lancashire. Hongkong needs every scrap of sympathetic understanding in the U.K., and I hope she gets it. Red China has already wiped Hongkong's eye in such an important market (for Hongkong) as Indonesia. That is a problem that is truly mutual between Hongkong and Lancashire. The more you are pushed out of those markets, the more you cry for Britain's home market.

**Q.** And we should maintain free trade?

**A.** The value of a free trade port in Hongkong needs re-assessing—not discarding outright and at once but carefully re-assessing. It is not a tablet of stone: if it were it would be rather easily broken. But not only does this article of faith in free trade get in the way of the problem, the sheer size of the problem is only now beginning to be measured. I don't blame the Government for that, it is so big a problem. Only when you have the problem measured is there a real purpose in planning to deal with it. One can say this, that the Government is at least trying to measure the problem and to guide—if not exactly to institute planning for—those who are trying to deal with it.

## Controversy Over New Hours Law

THE mixed reception to the new minimum hours law for women and young persons was understandable. Manufacturers who were working their employees in this category more than 10 hours a day or 60 hours a week may now do one of several things. They may continue to employ the same number of women and young people for shorter hours: if they pay the same, these workers will undergo a cut in their take-home wages and production will suffer; if they pay more, the employees will get the same pay packet for less work and one would expect costs to rise. In fact, the measure may promote higher efficiency as employers seek ways of utilising their labour force more effectively.

If on the other hand employers take on more labour to meet the cut in hours, the unemployment position is helped but again costs will rise. Some enterprises running on a shoe-string may go out of business if they adhere to the new legislation.

Probably all these factors will balance out, and the final result may well be a slight raising of costs together with a greater incentive to use manpower more effectively. The first is bad for the economy, the second is good. One hopes that the second effect will predominate.

There is another aspect to this problem. The voice of a British M.P. was recently raised in Tokyo to the effect that it was "incredible and disgraceful" that, even

under the new law, women in Hongkong will be permitted to work 60 hours a week.

"I condemn the Hongkong Colonial Government and the U.K. Government," Mr. Ernest Thornton, Labour M.P. for the Lancashire textile constituency of Rochdale, declared to Asian textile trade union leaders, "for their unpardonable indifference to the health and wellbeing of thousands of women colonial subjects."

Strong words for an Asian audience, and the indignation is undoubtedly sincere, even if Mr. Thornton would probably be among the first to welcome the improvement of sterling and of the British balance of payments position that results from lower-price commodities from underdeveloped countries.

One can point out till the throat runs dry the different circumstances in an asylum economy that make western stand-



ards not always applicable. The fact remains that the current impression in the West that Hongkong exploits a semi-slave population (freely resident here, it should be added, rather than across our land border) is a major obstacle to normal trading between Hongkong and her western markets.

In so far as the new law will show that Hongkong has acquired, in the words of Mr. J. L. Murray, "a conscience", it will speed normal acceptance of Hongkong goods and benefit the economy. On the whole, the measure is to be welcomed.

### Hongkong Cotton Board?

**T**HE Hongkong Government was right to lend its blessing to the textile manufacturers' proposal for a permanent Advisory Committee, representing all sections of the trade, to administer any ceiling agreement reached on exports to the U.K. The local trade will have the

satisfaction of knowing that at least the machinery will exist to distribute quotas fairly and to make a collective review from time to time of the way the ceiling is working.

Everyone now assumes that the pact with Lancashire will finally be signed, and there will be relief at both ends that the squabbling and sniping can be ended.

But one hopes that allocation of orders under the ceiling will be agreed, presumably on the basis of past performance by individual firms with room for any new factories that might be established in the near future.

The difficulty over the use of Pakistani yarn must also be solved. Hongkong spinners argue that goods made from foreign yarn should not be included in the ceiling, but this would exclude traditional makers of products from Pakistani yarn from the U.K. market. These admittedly thorny questions should not be allowed to come in the way of agreement with Lancashire.

### A New Textile Factory

**P**ROPHETS of gloom on the subject of the future of Hongkong textiles may be surprised at the announcement, by Tai Hing Cotton Mill Ltd., that negotiations are completed for purchasing a million square feet of land at Castle Peak for a new textile factory.

The factory, our British critics should note, is to be equipped with the latest machinery and equipment, including Swiss plant for the production of cotton yarn. This machine is the most expensive in the world and will produce very high quality yarn.

The factory will have 14,000 spindles and 600 looms and will employ some 2,000 workers at peak production. The company has said that its plans were not affected by the proposed ceiling pact with Lancashire and that it is determined to carry out its project, first prepared over a year ago.

### Electricity Too Dear?

**A**FURTHER appeal has been made by the Chinese Manufacturers' Association to withdraw the 12% surcharge imposed on power used industrially.

This surcharge has been jumping all over the place in the last few years. In 1952 it was at a peak of 23%. In the summer of 1954 it was down to 9%. Then, in March of last year, it was raised, for the first time in five years, to 18%.

The Hongkong Electric Company Ltd. and the China Light and Power Company Ltd. justified the doubling of the surcharge then on the ground that fuel costs had risen by over one fifth in three years. But in August the surcharge dropped to 15%, and finally in March of this year it came to rest at its present 12%.

The last decrease was explained by the two companies as due to increased efficiency, new machinery and lower fuel prices. The increase in industry has brought more customers in this category to the power companies, and one must ask whether it is really necessary to continue this tax on industry at a time when Hongkong manufacturers are trying to reduce their costs in the face of new labour legislation and growing competition from mainland China. Mr. Chu Shek-lun, President of the C.M.A., claims that the high electricity charge is one of the main factors preventing local manufacturers from cutting down their production costs.

The C.M.A.'s appeal deserves the most careful consideration and support.

### HONGKONG AIR TRAFFIC IN SEPTEMBER

Regions	Departure			Arrival		
	Passenger	Freight (Kilos)	Mail (Kilos)	Passenger	Freight (Kilos)	Mail (Kilos)
Australia .....	285	5,610	875	218	3,502	649
Thailand .....	1,516	17,629	767	1,692	5,711	2,623
Borneo .....	138	3,999	197	211	297	45
Burma .....	193	6,265	826	159	341	156
Cambodia .....	250	1,808	128	186	27	330
Canada .....	322	1,325	693	76	667	352
Europe .....	168	8,490	2,266	206	4,709	2,803
Taiwan .....	932	37,928	1,278	666	5,240	2,175
Guam .....	—	1,757	27	—	63	7
Honolulu .....	123	249	387	38	96	145
India .....	320	4,338	541	349	1,579	1,651
Indonesia .....	—	—	420	—	—	—
Japan .....	2,336	8,297	1,520	2,311	16,209	6,570
Laos .....	121	32,984	86	90	2,820	52
Macao .....	3	2,642	—	—	—	—
Malaya .....	34	759	332	122	80	—
Middle East .....	83	1,144	557	84	419	43
New Zealand .....	—	—	150	—	—	—
Okinawa .....	222	7,079	74	85	331	43
Pakistan .....	58	787	1,440	48	104	245
Philippines .....	2,007	15,310	808	1,879	2,498	963
Singapore .....	709	9,048	1,326	772	3,213	4,037
South America .....	50	1,766	3	3	28	29
South Korea .....	162	3,157	563	233	371	615
United Kingdom .....	650	18,931	2,419	390	8,945	4,421
United States .....	190	6,552	4,165	54	1,385	3,381
Vietnam .....	363	4,840	298	423	360	871
Wake Island .....	—	78	—	—	—	—
Africa .....	8	12	697	2	—	208
Ceylon .....	7	523	396	16	183	128
<b>Total</b> .....	<b>11,250</b>	<b>203,307</b>	<b>23,239</b>	<b>10,313</b>	<b>59,178</b>	<b>32,542</b>
Direct Transit (not included in the total) .....	1,074	32,073	—	1,074	32,073	—
Total Aircraft Departures—399.			Total Aircraft Arrivals—401.			

## Straight Talking With the M.P.s

**T**HE two-week visit by five British M.P.s, including some who have voiced criticism of this Colony, must be adjudged successful: hard and straight talking was overheard on both sides wherever the delegation went. The misapprehensions on the M.P.s' side at the beginning were threefold.

First, they tended to the view held by too many at Westminster that Hongkong is, from the British point of view, a wasting asset. Why, it is asked in some quarters of London, should millions be put into a new airstrip or tunnel for Hongkong only to have it inherited by Mao Tse-tung in a matter of five or ten years?

Secondly, the M.P.s were initially unable to get used to the mechanics of living in a free trade economy, and even the Conservatives asked: where is your long-term planning to meet the mainland trade offensive? They found us, they said, complacent and too smugly confident that "Hongkong always finds a way out."

Thirdly, the Parliamentarians brought

with them the feeling that Hongkong was a rich member of the Commonwealth not deserving of financial assistance when the other candidates were so patently poorer off.

If on these three scores the M.P.s have returned, not with complete reversals of their opinions, but at least aware of the complexities of our problems, then Hongkong will have acquired five valuable ambassadors. One of the things that emerged from the five was the damage that is done by over-eager defenders of the Colony—in London, who try to put it over that all in Hongkong is as pure as snow.

We want neither sycophancy nor emotional hostility but intelligent understanding. Understanding that our confidence in the political future of the Colony is based on a realistic assessment of the factors involved; that so long as 60% of our overseas earnings come from re-exports through our free trade port, we cannot easily institute Government regulation of trade; that while the Colony is proud of its financial independence in the past, we are not prepared to see Hongkong continue being ignored as a candidate for U.K. investment without nursing a feeling of injustice.

## VHF For Hongkong Next Autumn

**R**ADIO Hongkong is to be congratulated on its decision to introduce very high frequency sound broadcasting, using frequency modulation, in the autumn of 1959. This move should mean that listeners in some parts of the Colony outside the urban areas will no longer experience the bad reception they have known in the past. Programmes in English and Chinese will then go out free from interference, to the benefit of everyone.

The decision follows tests carried out by engineers of Cable and Wireless Limited, who are responsible for the technical operations of Radio Hongkong. The equipment, already on order, is being supplied by the Marconi Company.

Undoubtedly it is no coincidence that this announcement follows closely the new plans for Hongkong's first commercial broadcasting station, which by the middle of next year will be providing keen competition with Radio Hongkong. (Incidentally in listing the names of subscribers to the Hongkong Commercial Broadcasting Company Ltd. on November 6, the *Far Eastern Economic Review* inadvertently omitted the name of Mr. D. I. Bosanquet).

## HONGKONG'S TRADE

### Cotton Exports To U.K. & U.S. Heavy in Past Fortnight

By Richard Ying

**E**XPORTS of Hongkong products, particularly of cotton goods, to the U.K. and U.S.A., were heavy during the past fortnight. Imports of foodstuffs from China continued large while imports of Christmas gift items and winter goods from the U.K., U.S.A. and Europe increased with the approach of the holiday season.

In the local commodity markets, the volume of business was small but prices were steady in general. Demand from Thailand, Malaya and Singapore for paper, metals, cotton yarn and other sup-

plies improved but buying offers in many transactions were too low to interest local dealers.

Local stores reported better business in wines and provisions. The sales of winter goods, however, remained slow because the weather here was still very warm; the temperature at noon was still around 80 degrees Fahrenheit.

### Canton Fair Shipments

China—Chinese purchasing agents here absorbed some metals, gunny bags

and paper from the local market. Demand for paper was unexpected because China was sending paper to the local market; orders, however, covered only items which China is still unable to produce. (See 'Paper' under Commodity Markets).

China's interest in gunny bags was centred on used ones only; about 200,000 pieces were enquired for.

In addition to large shipments of foodstuffs, local dealers imported substantial quantities of chemicals, paper, produce, cotton piecegoods, stationery, rubber footwear, plywood, sugar, rice and cement; mostly booked at the recent Export Commodities Fair in Canton.

Canton also sent here machinery, cameras, watches, jewellery, Christmas cards and woollen goods. A retail shop was opened last week on Queen's Road West to exclusively handle Chinese wool-



len knitwear, piecegoods and other woollen goods.

On the other hand, supply of firewood from China was cut. Consequently, prices here for this item skyrocketed. Dealers here rushed supplies from Singapore and Borneo to relieve the shortage but refrained from booking too much forwards because they did not want to be caught with heavy stocks if Canton suddenly floods the market again with cheap firewood.

*Japan*—Cement still constituted the major portion of imports from Japan. Imports of metals, paper, woollen and cotton textiles, toys and sundries registered slight improvement over the preceding weeks but compared with the time last year, the volume was much less.

Although the exchange rates for Japanese Yen firmed in the local money market, the rise was not stimulated by increased imports from Japan. The firm trend resulted from the curtailed supply of yen notes on account of the decline in invisible exports to Japan particularly in the smuggling of watches and diamonds.

The visible exports, however, showed slight increases in shipments of scrap metals and iron ores. One shipload of iron ore alone amounted to about 9,400 tons. Exports of produce remained on a limited scale.

*The United Kingdom*—Hongkong textile manufacturers finally accepted in principle the counteroffers from the British Cotton Board for a voluntary ceiling on exports of Hongkong cotton textiles to UK. The difference between the UK figure and the ceiling offered by HK was said to be about seven million yards.

Hongkong Government agreed to prove and administer any voluntary quota but towards the end of last week local mills were still studying the problem of allocation of the quota and the use of local yarn only for cotton goods to be exported under the quota.

Local textile manufacturers also wanted Hongkong Government to request the British Government to give and publish an assurance that they will not support any other British industry which may seek to obtain a similar voluntary quota from Hongkong.

According to Mr. Hervey Rhodes, a member of the British Parliamentary delegation which came here during the fortnight, other British industries besides textiles will, in time, ask for voluntary limitations of imports of Hongkong goods.

Meanwhile, importers in UK continued

to book cotton cloth, garments, rubber shoes, plastics and other HK manufactures from here. Exports of these items together with produce amounted to about 10,000 tons during the fortnight.

In return, Hongkong imported about 6,000 tons of metals, automobiles, cigarettes, dairy products, woollen goods, pharmaceuticals, toilet articles, wines, provisions and gift items from UK. The value of imports still far exceeded that of exports.

Among orders placed by local industrialists and importers for British goods was Hongkong and Kowloon Wharf and Godown Company's £13,000 order for six specially designed hoists and two wall cranes from Messrs. J. and H. Lowe (Cranes) Limited of Rochdale, Lancashire.

*Europe*—Following the French Government's decision to restrict imports of Hongkong cotton goods, the Swiss Government limited the duty-free import of grey cloths from China, Hongkong and India to those which after finishing treatment, will not be resold to West European and North American countries.

Textile manufacturers here regard the Swiss move as unreasonable because Hongkong at present is the second largest importer of Swiss watches in the world and also a principal buyer of high quality Swiss textiles.

Imports from Europe, mostly from West Germany, Holland and Belgium, during the fortnight amounted to about 5,000 tons consisting chiefly of metals, cigarettes, automobiles, dairy products, woollen piecegoods, rayon yarn, paper and Christmas decoration and gift items.

Exports of produce went mostly to Germany, France and Netherlands and consisted mainly of produce such as feathers, rosin, citronella oil, turpentine, woodoil and bamboo cane. Consignments of plastics, metalware, cotton textiles, garments, firecrackers and other Hongkong products were limited to insignificant quantities.

*The United States*—Although some American garment makers are urging the US Government to restrict imports of Hongkong manufactured cotton garments, increasing number of American importers are contracting HK garment factories to make ladies and children's apparel from Japanese gingham and other textiles provided by these American importers who usually have their own purchasing agents in Japan.

Exports of rattan and hardwood furniture, cotton goods, plastics, firecrackers, frozen prawns and other local

manufactures to US totalled 5,000 tons. The volume will probably decline because the rush of Christmas shipments, particularly of firecrackers, furniture and plastic flowers, to US is almost over.

According to the US Customs, HK exporters must indicate the name of the country of origin of the article on the outermost container in which the article is sold to ultimate American consumer.

Imports from US totalled 5,000 tons; tobacco, woollen and synthetic-fibre textiles, toys and gift items, cotton, wheat flour, fruits, frozen food, metals, cosmetics and provisions constituted the major portion of the tonnage.

The low exchange rates for US dollars during the past few weeks enabled importers to market their goods at a slightly cheaper prices but it remains to be seen whether retailers would pass the benefit to local consumers.

*Central America*—The Hongkong Trade Mission to Latin America led by Mr. Kwok Chan departed on November 3rd. On the 11th, Mr. Pedro V. Botelho, a member of the mission, reported from Havana that talks with Cuban economists, bankers and merchants had paved the way for stepping up trade.

Businessmen in Haiti, however, were not over-receptive to the overtures of the Hongkong delegation because authorities there had recently tightened credit and cut foreign exchange spending. The Hongkong delegation also found that Hongkong exports of textiles and glassware to Haiti had been adversely affected by keen competition from similar Polish and Czechoslovak goods.

*Thailand*—About 4,000 tons of Chinese light industrial goods and Hongkong manufactures were shipped to Thailand. More orders arrived from Bangkok during the fortnight for structural steels, paper, pharmaceuticals, cotton yarn and wheat flour.

Exports to Thailand are now maintained at a steady level because direct trade between Thailand and China is on the decline. Last week, Bangkok was considering to curtail imports from Japan because Japan was not buying enough Thai products to balance the trade.

Hongkong's imports of rice from Thailand during the past two weeks exceeded 4,000 tons. There were also live cattle, timber, slat, beans and other staples from Thailand but quantities were not impressive.

*Indonesia*—Exports amounted to only about 200 tons and new orders from Djakarta covered only small lots of structural steels, paper, cotton yarn and

cloth. Prospects of better demand from Indonesia for Hongkong manufactures and other goods are very dull because Djakarta is still procuring the bulk of imports from China and Japan direct. During the fortnight, about 20,000 pieces of Chinese cotton cloth were transhipped here to Indonesia.

**Malaya**—Exports to Singapore and Malaya, consisting chiefly of consumer goods, amounted to about 5,000 tons. Demand from these two sources for beans, steel plates, wheat flour, sugar and Christmas goods remained steady.

Dealers here were anticipating to export more grey cloth and other cotton piece-goods to Singapore and Malaya because authorities there had prohibited imports of cheap Chinese goods. Reports from Singapore, however, revealed that importers there had placed "fairly large" orders for Japanese textiles during the past few weeks.

**The Philippines**—There were more orders from Manila for cigarettes, fire-crackers, structural steels, garments, pharmaceuticals and cotton yarn after authorities there had extended old barter licences to January 15, 1959.

Reports from Manila disclosed that authorities there had allocated US\$2 million for essential imports during the second half of October. Local dealers commented that importers there procured most supplies direct from Japan and US and limited imports from Hongkong to purchases financed from self-provided exchange and those under barter dealings.

**Korea**—Importers in Seoul sent here a large number of enquiries for metals, chemicals, paper, pharmaceuticals, worsted yarn and other essentials but the volume of the business concluded was very small because local dealers were reluctant to send goods there on D/P terms requested by Korean merchants.

**Taiwan**—Supply of live hogs, tea, cotton yarn, cement and menthol products was limited to small lots. Imports of sugar continued substantial but much less compared with the volume of the preceding month. A trial shipment of 500 tons of coal arrived from Taiwan during the fortnight.

Demand from Taipei covered selective items of paper, chemicals, pharmaceuticals and other essentials; orders, however, were still limited to small sums due to the lack of adequate foreign exchange funds in Taipei.

According to the new rules in Taiwan governing the imports of non-commercial

merchandise financed from self provided foreign exchange, all items must be essential goods and imports must be approved in advance by the Government.

**Cambodia**—Rice, live hogs, beans, cotton, sesame and other produce imports from Phnompenh were limited to small consignments because replenishment costs were higher than similar supplies from other countries in SE Asia. Hongkong's deficit in trade with Cambodia also restricted imports from that source to a certain extent because a large portion of the business was transacted under barter dealings.

Orders from Phnompenh during the fortnight covered only small lots of metals, paper, wheat flour, sundry provisions, torch batteries and other Hongkong manufactures. Authorities there also invited tenders from Hongkong dealers for the supply of cement and sugar but orders were finally placed with Indian and other suppliers.

**Burma**—Rangoon bought some groundnut oil, cosmetics, enamelware, torch batteries, torch cases, rubber footwear and other Hongkong manufactures from here but the volume of the purchase was still very small. Importers there were handicapped by the lack of foreign exchange for various purchases.

Authorities there invited tenders from Hongkong merchants for the purchase of over 160,000 tons of rice; deliveries would be made within the next 12 months.

**Australia**—An Australian trade mission arrived here last week from Manila on its four-week tour of the Far East. They came here with a large variety of samples of Australian products on board the m.v. "Delos" which is a regular freighter but with three decks converted into an exhibition centre. The mission came here not only to offer Australian products but to promote imports from Hongkong, said Mr. R. S. Colquhoun, leader of the Mission.

Sponsored by the Australian Exporters' Federation with assistance from the Trade Department of Australia, the mission, comprising of 12 leading industrial and commercial executives, is introducing products of 100 Australian firms to the Far East.

Exhibits include motor vehicles, automotive and spare parts, dairy and canned products, builders' tools, non-ferrous metals, agricultural machinery, railway rolling stocks, leathers, textiles, radio equipment, fruits and vegetables, beachwear, wool products, wheat flour, chemi-

cals, pharmaceuticals, photographic and cinematic manufactures, electrical goods, plastic ware, and a full range of iron and steel products.

Members of the mission are also holding discussions with representatives of commerce, industry and governments at the ports of call, inviting enquiries, promoting contact between buyers and sellers, furthering closer trade relations between Australia and Asia, and enhancing goodwill between Australia and her Far Eastern neighbours. Ports of call after Hongkong include principal Japanese ports, Shanghai, Hongkong again, Sandakan, Rabaul, Honiara, Lae and returning to Australia early in January 1959.

**Africa**—Shipments of cotton textiles to West Africa remained heavy during the fortnight. Local factories and exporters, however, are anticipating a sharp decline next year to French West Africa.

Exports to East Africa totalled about 2,000 tons consisting chiefly of enamelware, rubber shoes, torch, rayon textiles, cotton goods and plastics. Similar shipments to South Africa amounted to about 1,000 tons.

Imports came mostly from East Africa, 3,500 tons during the fortnight. Cotton, groundnut oil, tobacco, seafood were principal items. South Africa sent here some fruits, canned food, tanning extract and groundnut oil.

War risk insurance rates for ships using ports in French Morocco, Algeria and Tunisia were slashed by 62½ per cent on November 14th. The new rate of 9d per £100 puts the North African ports on the same war risk basis as the rest of the world—excepting China and Indonesia. The old rate of 2s was introduced on January 19th, 1956 on account of the fighting in Algeria.

**Canada**—Consignments of wheat flour, newsprint, canned food and other provisions remained normal. Local dealers also booked a trial shipment of unglazed kraft paper from Canada; delivery will be made next February.

Exports of Hongkong manufactured torch, shoes, garments, gloves and other local products to Canada have improved considerably this year. Consequently, Hongkong has gained a surplus of about \$6 million during the first 10 months this year in trade with Canada. During the corresponding period last year, Hongkong aggregated a deficit of about \$10 million.



## Commodities: Entrepot Trade In Produce May Decline?

*Produce*—Europe, particularly West Germany, provided keen demand for gallnut, cassia, groundnut kernel, aniseed star, teaseed oil, aniseed oil, woodoil, feathers, bamboo cane, menthol crystal and turpentine. The volume of trade improved. Dealers reported that the volume would have been more impressive had there been more supply from China.

There were also orders for oils, rosin, leathers and camphor products from New Zealand and Australia but quantities involved were very small.

Demand from Japan covered only a selective number of items including sesame, maize and beans mostly of SE Asian origin.

Indications are that Hongkong's entrepot trade in produce will gradually decline because both buyers and suppliers are trading direct whenever possible without going through traders in this Colony.

*Metals*—SE Asia provided strong demand for a few items including structural steels, wire nails, metal plates, galvanized iron sheet and tinplate waste waste. Hongkong manufactured round bars also attracted orders from New Zealand.

Buying agents for Peking absorbed some steel wire rope, scrap metals, black-plate waste waste, tinplate cuttings, zinc sheets and zinc ingot; quantities, however, were not large enough to stimulate a boom.

Local demand for structural steels and base metals remained very strong. One of the dock yards absorbed a large stock of steel wire rope from the market.

The undertone of the market was very firm because indents for Japanese, British and American steels registered slight increases recently. Spot goods here also dwindled.

*Paper*—China continued to supply the local market with newsprint, mg caps, manifold, bond and straw board. Last week, however, China also bought some tissue, cellophane and duplex board from here. The purchase was probably made to meet the urgent demand on the mainland because China used to buy these items direct from Europe. Some dealers anticipate more orders from China for cellophane because Japan is no longer supplying this item to China.

Demand from Korea also revived covering mg pure sulphite, white

sulphite, glassine, cellophane and duplex board. Many orders fell through because buying offers were too low. Seoul importers were also unable to provide L/Cs for some of their purchases.

The market was also kept active and firm by orders from Thailand, Cambodia, Indonesia and Taiwan for various packing and printing paper. With the exception of Korea which insisted on European products, other buyers favoured Japanese and Chinese brands.

Paper dealers here are booking more supply from China, Japan, Europe and Canada to replenish dwindled stocks. The volume of these bookings, however, is much less than last year because demand from SE Asia and Korea has been very uncertain this year.

*Industrial Chemicals*—Hongkong merchants bought more replenishments from China during the past few weeks. Trading in the local market, however, was very quiet. Taiwan and Korea enquired for shellac, gum arabic, gum copal, potassium cyanide, bronze powder ultramarine blue, titanium dioxide, lead oxide, copper sulphate and rubber accelerator; most transactions were handicapped by low buying offers from Seoul and Taipei.

*Pharmaceuticals*—Korea was keen on aspirin, phenacetin, saccharum lactose, antipyrin, ascorbic acid, vitamin B1 and salol but most transactions were still under negotiation towards the end of last week; buying offers were low while stocks of many items were short.

Thailand absorbed some quinine, saccharin crystal from the market. Philippines and Taiwan bought some phenacetin and gum acacia. Quantities involved were insignificant.

*Cotton Yarn*—Hongkong cotton yarn enjoyed very strong local demand in addition to orders from the Philippines, Thailand and Indonesia. Even forwards were sold out till April/May 1959.

Local weavers who do not have spinning facilities booked up as much forwards as possible in anticipation of the possible restriction requiring that cloth and other made-up goods shipped to UK under quota should be made from local cotton yarn.

One company is even planning to open up a new cotton mill. Last week, it bought a piece of land (one million square feet) near Sun Hui in the Castle

Peak area, Kowloon for the construction of a 14,000-spindle mill with 600 looms.

The factory has actually been under planning for over a year. It has recently started to rush the project so that it could share the export quota now under negotiation between Hongkong and British industrialists.

*Cotton Piecegoods*—Hongkong grey cloth continued firm in the market because spot goods were light and forward sales to UK, Singapore, Malaya and other markets remained active. Hongkong drill also retained steady demand from UK and Singapore.

Chinese grey was depressed by fresh supply from Canton. Indonesia bought a small lot from the local market but the volume was too insignificant to stimulate the market.

Japanese greys were quiet but white shirting firm on strong local demand.

*Rice*—Thai rice first advanced on the local market because it was rumoured that Bangkok had again suspended the issuance of export licences. Prices eased after it was made clear by Thai authorities to Hongkong merchants that orders from Hongkong are accepted as usual provided that Hongkong importers first get a certificate from Thai Trade Commission in HK.

Indications are that prices for rice will remain at a low level because indents from Bangkok are not likely to go up; imports from China will further increase; and supply from Burma will improve.

*Wheat Flour*—In spite of the revived demand from Thailand, Cambodia, North Borneo, Singapore and Malaya, prices in the local market remained weak because supply still exceeded demand especially after fresh consignments arrived from Canada and US.

*Sugar*—Taipei marked indents down to attract more demand from Hongkong. The measure further depressed prices here but did not stimulate the interest of local dealers because Canton prices were also lower. Meanwhile, more supply reached here from Taiwan, Canton and other sources. Exports remained sluggish.

*Cement*—Imports from Japan were still very heavy. One vessel alone brought here 1,100 tons. Imports from China, however, were still limited to small lots; indents also slightly marked up but still cheaper than Japanese brands.

Prices for local and imported brands remained steady in the market. Local consumption is now at its peak volume of the year.



# COMPANIES & SHARES

Edited by Richard Ying

## Buyers Continue Cautious

**B**ANKS, Wheelocks, Lands, Hotels, Utilities, Stores and Rubbers retained steady demand throughout last week. Buyers, however, were still cautious and continued to force prices down. Most sellers were not keen to accept lower counteroffers because quotations for many popular shares were already at a very low level.

Consequently, the volume of business was not very impressive: Monday, Holiday; Tuesday, \$764,000; Wednesday, \$361,000; Thursday, \$445,000; Friday, \$383,000.

Among Utilities, Star Ferries and Electrics retained steady prices; other shares, however, registered slight drops particularly during the second half week. Demand for Telephone Rights remained strong absorbing almost all available offers.

Local industrialists last week were urging power companies to reduce electricity charges. There was no immediate adverse effect on prices for Lights and Electrics because during the past two years, the two power companies had maintained the policy of placing the interests of shareholders before other considerations. If the price for fuel does not come down local power companies probably would not consider any cut in charges.

Amalgamated Rubbers continued to advance and reached a record high of \$1.825 with sellers still asking for \$1.85; highest during the first ten months this year was \$1.675. Judging from the fact that 1957 highest was \$2.075 and that the estimated rubber harvest of the Company for the current year is 9,173,000 pounds as compared with 8,300,000 pounds for 1957, quotations may go further up if the keen demand is retained.

According to the annual report of Amalgamated Rubber Estates Limited, rubber prices are now firmer: "The RSS1 price on the Singapore market opened at Malayan cents 92 at the beginning of the financial year, fell to a low of 75 cents in November and closed in June at 78 cents per pound and has continued to rise since . . . the prospects for a reasonably steady commodity price in the current year should be bright."

Wheelocks, however, dropped to a record low of \$5.30. The lowest during 1957 and the first ten months this year was \$5.75. The Company's dividend

## Wheelock Marden Repeats Dividend Of 37 1/2 Cents

**T**HE decision by Wheelock Marden to maintain its dividend in spite of the continued shipping depression was well received last week. A final dividend of 37½ cents per share was paid.

The \$7.28 million available for appropriation was split up as follows:—\$2.02 million interim dividend, another \$2.02 million final dividend and \$3.23 million carried forward. Profits for the whole group in the year to March 31 totalled \$4.18 million, while the parent company itself showed \$3.70 million.

But an interim dividend may be passed over this year, the Chairman, Mr. G. E. Marden, warned shareholders at the annual general meeting. This was because of the high cash outlay expected on

remained unchanged at 75 cents. Some investors, however, were discouraged by the Chairman's remark in the annual report: "The business of the shipowner continues in the doldrums . . ." Actually, Wheelocks are one of the most flexible shares in Hongkong on account of the Company's interests in a long list of subsidiaries which operate cotton mills, real estate investments, insurance agencies, ships, construction companies and many other profitable business. Wheelocks could have been more popular if the Company had increased the cash dividend instead of issuing bonus shares in 1956.

the building of a 12,500 ton dry cargo vessel.

"In the circumstances of reduced earnings from other vessels . . . the provision of the funds required is likely to entail a high utilisation of our banking facilities and this may necessitate the Board's reverting to its former practice of awaiting the final results of the year before considering a distribution."

This caused some dismay, but Mr. Marden pointed out that the building of the vessel was subject to a long-term charter. "The business is attractive from our point of view and the net receipts from the charter party are calculated to repay the greater part of our loan over its period."

### QUOTATIONS FOR SELECTED HONGKONG SHARES

Share	Last Week's Rate				Up & Down	Dividend	Estimated Yield (%)
	Nov. 7	Highest	Lowest	Closing			
HK Bank	747.50	747.50	745	745	—\$2.50	\$45	6.04
Union Ins	72b	73	72	73b	+\$1	\$3.40	4.66
Lombard	27b	27.50	27b	27n	steady	\$2	7.41
Wheelock	5.40	5.45	5.30	5.30	—10c	75c	14.15
Int Inv	5.05n	5.20s	5b	5b	steady	65c	13.00
Allied Inv	4.10n	4.10n	4.10n	4.10n	quiet	25c	6.10
HK & FE Inv	9.50s	9.50s	9.30n	9.30n	steady	80c	8.60
HK Wharf	94n	95.50s	94	95.50s	steady	\$9	9.42
HK Dock	42.75b	43	42.75b	42.75b	steady	\$2	4.68
Provident	11.40b	11.50	11.40	11.50	+10c	\$1	8.69
HK Land	30.25	30.25	30.25s	30.25s	steady	\$2.40	7.93
HK Realty	1.40s	1.375	1.20b	1.35	firm	15c	11.11
HK Hotel	21.20	21.30	21.30	21.30	+10c	\$1.50	7.04
Star Ferry	106n	108s	106	108s	steady	\$9	8.33
Yaumati	90.50	90.50	90	90s	—50c	\$7.50	8.33
Trams	25.20b	25.40	25.20	25b	—20c	\$1.90	7.60
Light	17.30	17.30	17.10	17.10	—20c	\$1.30	7.60
Electric	24.70	24.70	24.30b	24.70s	steady	\$1.90	7.69
Telephone	24.10s	24	23.80	23.80	—30c	\$1.50	6.30
Cement	23.20b	23.70b	23.40	23.70b	+50c	\$3	12.66
Dairy Farm	15.50	15.50	15.40	15.40	—10c	\$1.775	11.53
Watson	11.40	11.80	11.40	11.70	+30c	\$1	8.55
Amal Rubber	1.75	1.825	1.775	1.80	+5c	20c	11.11
Textile	4s	4n	4n	4n	steady	60c	15.00
Nanyang	7.25n	7.25n	7.05	7.05	—20c	\$1.10	15.60



# THE EXCHANGE MARKET

## Peso and Yen Turn Steady

By Fuchun Chan

### U.S. Dollar Quiet

Trading totals: T. T. US\$2,360,000; Notes cash US\$310,000, forward US\$1,010,000; D. D. US\$260,000.0 The market was very quiet with practically no fluctuation in rates.

In the T. T. sector, offers from Japan, Korea, the Philippines and Thailand were absorbed by general and gold importers.

#### U. S. \$

Nov.	T. T. High	T. T. Low	Notes High	Notes Low
10	H o l i d a y			
11	\$579¼	579	577½	577
12	579¼	579	577½	577
13	579	578¾	577½	577
14	578¾	578½	577¼	577
15	578¾	578½	577½	576¾
D. D. rates: High 578¼ Low 577½.				

In the notes market, there was no speculative activity. Interest for change over in forwards favoured sellers and aggregated HK\$3.09 per US\$1,000; the local stock was rather heavy. Positions taken by speculators averaged US\$1,000,000 per day.

In the D. D. sector, the market was very quiet.

### Far Eastern Exchange

Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.655—1.65, Japan 0.014875—0.01475, Malaya 1.885, South Vietnam 0.0701—0.0699, Laos 0.0724—0.0721, Cambodia 0.075, Thailand 0.2762—0.2747, Indonesia 0.0645—0.0625. Sales: Pesos 220,000, Yen 55 million, Malayan \$240,000, Piastre 6 million, Kip 5 million, Rial 4 million, Baht 2 million, Rupiah 100,000. Rates for Peso turned steady because selling pressure had relaxed. Yen market was quiet but rates steady; funds from Japan were greatly reduced on account of the decline in invisible exports to Japan.

### Yuan & Taiwan Dollar

People's Yuan notes quoted HK\$0.86—0.76 per Yuan. Taiwan Dollar notes quoted HK\$0.1295—0.1285 per Dollar, and remittances 0.1265—0.126.

### Bank Notes

Highest and lowest rates per foreign currency unit in HK\$: England 16.08—16.07, Scotland 14.80, Ireland 13.50, Australia 12.64—12.63, New Zealand 13.83, Egypt 10.05, East Africa 15.10, South Africa 15.76—15.75, West Africa 13.00, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.1775, Pakistan 0.85, Ceylon 0.89—0.885, Burma 0.52, Malaya 1.85—1.837, Canada 5.9225—5.89, Cuba 5.00, Argentina 0.12, Brazil 0.035, Peru, 0.24, Mexico 0.40, Philippines 1.7225—1.715, Switzerland 1.34, West Germany 1.365, Italy 0.00905, Belgium 0.107, Sweden, Norway, 0.72, Denmark 0.77, Netherlands 1.45, France 0.0126—0.01245, South Vietnam 0.0725—0.071, Laos 0.068—0.067, Cambodia 0.0755—0.0745, New Guinea 1.00, Indonesia 0.07—0.064, Thailand 0.27—0.2695, Macao 0.998, Japan 0.015025—0.014925.

### Gold Very Quiet

#### GOLD HIGHS & LOWS

Nov.	High .945	Low .945	Macao .99
10	H o l i d a y		
11	\$252¼	252½	Low 262¼
12	252¼	252½	
13	252¼	252½	
14	252¼	252½	
15	252¼	252½	263 High

Opening and closing prices were both at 252¼; highest and lowest, 252½ and 252¼. The market was very quiet with only small fluctuations in rates. Interest favoured sellers and aggregated 28 HK cents per 10 taels of .945 fine.

### Trading in Taels

Tradings averaged 3,800 taels per day and amounted to 19,000 taels for the week, in which 9,400 taels were cash dealings (4,840 taels listed officially and 4,600 taels arranged privately).

Imports from Macao totalled 8,000 taels. Exports amounted to 7,500 taels (5,000 taels to Singapore, 1,500 taels to Bangkok, and 1,000 taels to India). Differences paid for local and Macao .99 fine were HK\$12.50 and 11.20 respectively per tael of .945 fine. Cross rates were US\$38.05—38.04 per fine ounce, and 16,000 fine ounces were contracted at 38.04 cif Macao.

U. S. double eagle old and new coins quoted HK\$263 and 239 respectively per coin, English Sovereigns HK\$59 per coin, and Mexican gold coins HK\$271 per coin.

### Silver Dealings

300 taels of bar silver traded at HK\$5.95 per tael, and 500 dollar coins at HK\$373 per coin. Twenty-cent silver coins quoted HK\$2.85 per five coins.